

FISCAL REPORT

Seventy-Second
Nevada Legislature



Prepared by

***The Fiscal Analysis Division
Legislative Counsel Bureau***

February 2003

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Date: February 28, 2003

To: MEMBERS OF THE 72nd LEGISLATURE

FROM: Fiscal Analysis Division

SUBJECT: **2003-05 Nevada Legislative Fiscal Report**

The Legislative Fiscal Report, prepared by the Fiscal Analysis Division, is designed to provide you with a summary of the financial status of the state and the Governor's budget recommendations for the next biennium.

The report is divided into sections and includes historical revenue and expenditure trends, the revenue projections of the Economic Forum, an overview of tax proposals recommended by the Governor, as well as recommended appropriations for the upcoming biennium, including supplementals, restorations of fund balances and capital improvements. The budget summaries allow comparisons of the actual expenditures for fiscal year 2001-02, work program amounts in fiscal year 2002-03, and the Governor's recommendations in each year of the 2003-05 biennium.

This report contains general information, including the highlights of the various governmental functions. Emphasis is placed on changes and expansion of existing programs and recommended new programs; therefore, this report should be used in conjunction with The Executive Budget where more complete information is presented.

If you have questions on this material, feel free to contact us at any time.

TABLE OF CONTENTS

	PAGE
SECTION I – HISTORICAL PERSPECTIVE	1
GENERAL FUND REVENUE TRENDS.....	1
GENERAL FUND APPROPRIATION TRENDS	5
TOTAL STATE BUDGET TRENDS.....	5
SECTION II – GENERAL FUND PROJECTED FUND BALANCE.....	9
STABILIZATION FUND (NRS 353.288).....	9
SECTION III – TAX OVERVIEW	11
1995 TO 1999 TAX LEGISLATION	11
1995 SESSION	11
1997 SESSION	11
1999 SESSION	12
2001 SESSION	13
2003 TAX PROPOSALS	14
SECTION IV – GENERAL FUND APPROPRIATIONS AND TOTAL BUDGET.....	17
SOURCE OF FUNDS SUMMARY	18
SUPPLEMENTAL APPROPRIATIONS	22
RESTORE FUND BALANCES	23
CAPITAL IMPROVEMENT PROGRAM	24
POSITION SUMMARY	32
SECTION V – GOVERNOR’S RECOMMENDATIONS BY FUNCTION.....	35
ELECTED OFFICIALS.....	35
GOVERNOR’S OFFICE	35
WASHINGTON OFFICE	35
HIGH LEVEL NUCLEAR WASTE	36
CONSUMER HEALTH ASSISTANCE	36
ETHICS COMMISSION	36
LIEUTENANT GOVERNOR	37
ATTORNEY GENERAL.....	37
SPECIAL LITIGATION FUND	38
CRIME PREVENTION.....	38
ADVISORY COUNCIL FOR PROSECUTING ATTORNEYS	38
STATE CONTROLLER	38
SECRETARY OF STATE.....	38
STATE TREASURER	39
STATE DEBT.....	39
HIGHER EDUCATION TUITION ADMINISTRATION	39
MILLENNIUM SCHOLARSHIP ADMINISTRATION	40
NEVADA COLLEGE SAVINGS TRUST.....	40
JUDICIAL BRANCH	41
LEGISLATIVE COUNSEL BUREAU	42

	PAGE
FINANCE AND ADMINISTRATION	49
DEPARTMENT OF ADMINISTRATION	49
BUDGET AND PLANNING DIVISION	49
DIVISION OF INTERNAL AUDITS.....	49
INSURANCE AND LOSS PREVENTION.....	50
STATE PRINTING OFFICE	50
STATE MOTOR POOL	50
STATE PURCHASING DIVISION.....	51
DIVISION OF BUILDINGS AND GROUNDS	51
MAIL SERVICES.....	52
STATE PUBLIC WORKS BOARD.....	52
HEARINGS DIVISION.....	52
VICTIMS OF CRIME.....	53
TECHNOLOGY IMPROVEMENT PLAN.....	53
DEPARTMENT OF TAXATION	53
DEPARTMENT OF INFORMATION TECHNOLOGY.....	54
DIRECTOR’S OFFICE	55
PLANNING AND RESEARCH DIVISION	55
APPLICATIONS DESIGN AND DEVELOPMENT.....	56
COMPUTING DIVISION.....	57
DATA COMMUNICATIONS AND TECHNICAL SERVICES DIVISION.....	57
TELECOMMUNICATIONS DIVISION.....	58
COMMUNICATIONS DIVISION	58
DEPARTMENT OF PERSONNEL	59
EDUCATION	65
EDUCATION (K-12).....	65
DISTRIBUTIVE SCHOOL ACCOUNT	65
LOCALLY GENERATED REVENUE	67
ENROLLMENT	67
POSITIONS AND SALARIES.....	67
SPECIAL EDUCATION	67
CLASS-SIZE REDUCTION.....	68
SCHOOL IMPROVEMENT PROGRAMS.....	68
SPECIAL FUNDING.....	69
DEPARTMENT OF EDUCATION	69
SMART STUDENT RECORDS	70
TEACHER EDUCATION AND LICENSING.....	70
NO CHILD LEFT BEHIND ACT	70
IMPROVING AMERICA’S SCHOOLS TITLE I	71
IMPROVING AMERICA’S SCHOOLS TITLE II, V & VI.....	71
PROFICIENCY TESTING.....	71
GEAR-UP.....	71
UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA.....	72
ESTATE TAX REVENUES AND EXPENDITURES	72
ADJUSTED BASE BUDGET	73
MAINTENANCE ITEMS	74

	PAGE
ENHANCEMENT DECISION MODULES	76
COMMUNITY COLLEGE OF SOUTHERN NEVADA ORGANIZATIONAL STUDY	76
PROPOSED STUDENT FEES	77
STUDENT ENROLLMENTS	78
CAPITAL IMPROVEMENTS	78
WICHE	79
DEPARTMENT OF CULTURAL AFFAIRS	79
ADMINISTRATION	80
STATE HISTORIC PRESERVATION OFFICE	80
NEVADA STATE LIBRARY AND ARCHIVES.....	81
NEVADA ARTS COUNCIL	81
COMMERCE AND INDUSTRY	91
DEPARTMENT OF AGRICULTURE	91
DIVISION OF ADMINISTRATION	91
DIVISION OF PLANT INDUSTRY	91
DIVISION OF LIVESTOCK IDENTIFICATION	92
DIVISION OF ANIMAL INDUSTRY	92
GAMING CONTROL BOARD	92
GAMING COMMISSION.....	93
PUBLIC UTILITIES COMMISSION	93
DEPARTMENT OF BUSINESS AND INDUSTRY	94
DIRECTOR’S OFFICE	95
REAL ESTATE DIVISION	95
INSURANCE DIVISION.....	96
MANUFACTURED HOUSING DIVISION	97
HOUSING DIVISION	98
FINANCIAL INSTITUTIONS DIVISION	98
DIVISION OF INDUSTRIAL RELATIONS	99
TAXICAB AUTHORITY	99
TRANSPORTATION SERVICES AUTHORITY	100
ECONOMIC DEVELOPMENT AND TOURISM	100
COMMISSION ON ECONOMIC DEVELOPMENT	100
COMMISSION ON TOURISM.....	101
NEVADA MAGAZINE.....	101
HUMAN SERVICES	111
DEPARTMENT OF HUMAN RESOURCES	111
DIRECTOR’S OFFICE	111
DEVELOPMENTAL DISABILITIES	112
COMMUNITY-BASED SERVICES	112
HEALTHY NEVADA FUND ADMINISTRATION	112
TITLE XX - PURCHASE OF SOCIAL SERVICES	113
FAMILY-TO-FAMILY CONNECTION PROGRAM.....	113
FAMILY RESOURCE CENTERS	114
GRANTS MANAGEMENT UNIT	114

DIVISION OF HEALTH CARE FINANCING AND POLICY	115
ADMINISTRATION	116
MEDICAID	116
NEVADA CHECK-UP PROGRAM	121
INTERGOVERNMENTAL TRANSFER PROGRAM	121
DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES	122
DIVISION ADMINISTRATION	122
NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES	123
FACILITY FOR THE MENTAL OFFENDER	123
RURAL CLINICS	124
SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES	124
DEVELOPMENTAL SERVICES	125
FAMILY PRESERVATION PROGRAM	125
HEALTH DIVISION	126
HEALTH AID TO COUNTIES	126
SAFE WATER DRINKING ACT	126
HEALTH FACILITIES HOSPITAL LICENSING	127
SEXUALLY TRANSMITTED DISEASE CONTROL PROGRAM	127
IMMUNIZATION PROGRAM	127
SPECIAL CHILDREN'S CLINICS	127
WOMEN, INFANTS, AND CHILDREN PROGRAM	128
BUREAU OF ALCOHOL AND DRUG ABUSE	128
HEALTH ALERT NETWORK	128
WELFARE DIVISION	128
WELFARE ADMINISTRATION	129
FIELD SERVICES	130
TANF	131
CHILD SUPPORT ENFORCEMENT	133
ASSISTANCE TO AGED AND BLIND	134
CHILD ASSISTANCE AND DEVELOPMENT	134
DIVISION FOR AGING SERVICES	135
COMMUNITY HOME-BASED INITIATIVES PROGRAM/GROUP CARE WAIVER	135
ELDER PROTECTIVE SERVICES AND HOMEMAKER PROGRAMS	136
DIVISION OF CHILD AND FAMILY SERVICES	136
CHILDREN AND FAMILY ADMINISTRATION	136
CHILD WELFARE INTEGRATION	137
UNITY/SACWIS	138
CHILD CARE SERVICES	138
YOUTH COMMUNITY SERVICES	138
TRANSITION FROM FOSTER CARE	139
YOUTH ALTERNATIVE PLACEMENT	140
JUVENILE CORRECTIONAL FACILITY	140
NEVADA YOUTH TRAINING CENTER	140
CALIENTE YOUTH CENTER	140
YOUTH PAROLE SERVICES	141
NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES	141
SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES	141

	PAGE
DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION	142
ADMINISTRATION	143
INFORMATION DEVELOPMENT AND PROCESSING DIVISION.....	143
EMPLOYMENT SECURITY DIVISION	143
CAREER ENHANCEMENT PROGRAM.....	144
EMPLOYMENT SECURITY SPECIAL FUND	144
REHABILITATION DIVISION	144
PUBLIC SAFETY	163
DEPARTMENT OF CORRECTIONS	163
DEPARTMENT OF MOTOR VEHICLES	167
ADMINISTRATIVE SERVICES.....	168
COMPLIANCE ENFORCEMENT	168
FIELD SERVICES	168
CENTRAL SERVICES	169
MANAGEMENT SERVICES	169
MOTOR CARRIER.....	169
VERIFICATION OF INSURANCE.....	170
MOTOR VEHICLE POLLUTION CONTROL.....	170
AUTOMATION	170
DEPARTMENT OF PUBLIC SAFETY	171
TECHNOLOGY DIVISION	171
DIVISION OF EMERGENCY MANAGEMENT.....	171
CRIMINAL HISTORY REPOSITORY	171
NEVADA HIGHWAY PATROL	172
DIVISION OF INVESTIGATIONS.....	172
NARCOTICS CONTROL	173
PAROLE AND PROBATION.....	173
FIRE MARSHAL	174
PAROLE BOARD	174
INFRASTRUCTURE	185
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES.....	185
QUESTION 1 - \$200 MILLION CONSERVATION BOND	185
DIRECTOR’S OFFICE	185
DIVISION OF STATE LANDS.....	186
DIVISION OF STATE PARKS	186
DIVISION OF ENVIRONMENTAL PROTECTION	187
DIVISION OF FORESTRY	187
FOREST FIRE SUPPRESSION.....	188
FORESTRY HONOR CAMPS	188
DIVISION OF WILDLIFE	188
WILDLIFE BOATING PROGRAM	189
TROUT MANAGEMENT	189
TAHOE REGIONAL PLANNING AGENCY	189

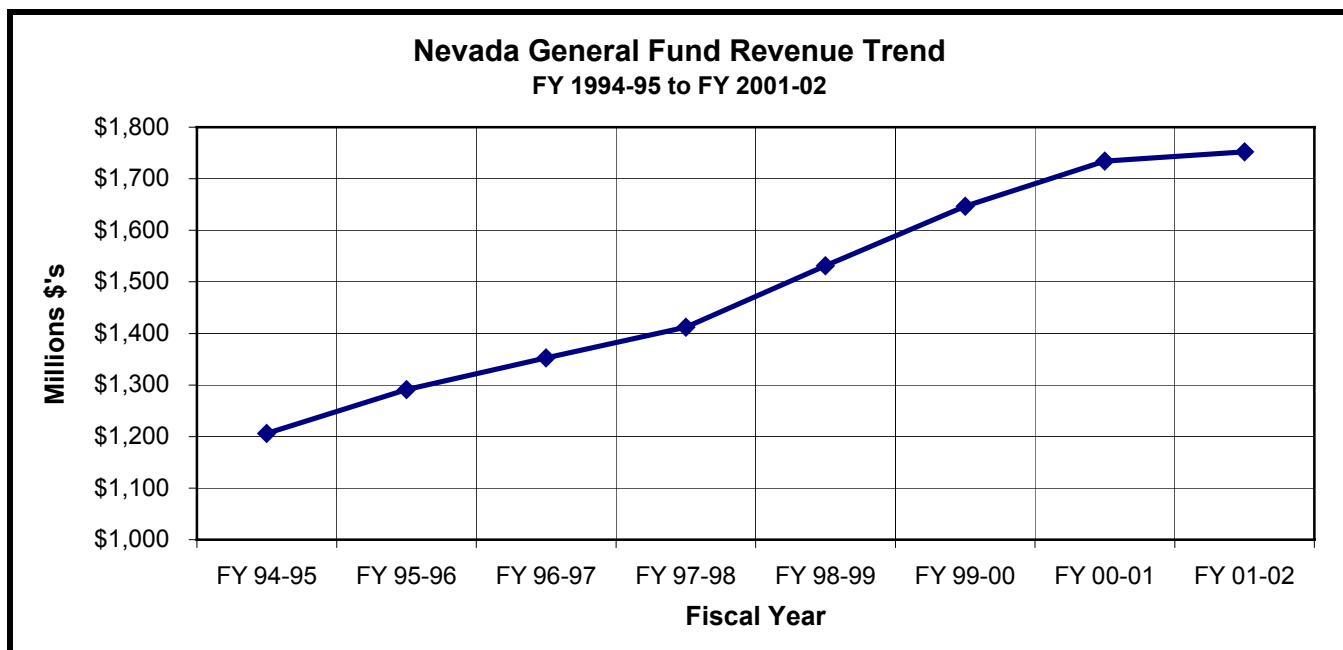
	PAGE
NEVADA DEPARTMENT OF TRANSPORTATION	190
SPECIAL PURPOSE AGENCIES.....	197
PUBLIC EMPLOYEES' RETIREMENT SYSTEM	197
OFFICE OF THE MILITARY	197
OFFICE OF VETERANS' SERVICES	198
VETERANS' HOME	198
PEACE OFFICERS STANDARDS AND TRAINING COMMISSION.....	198
PUBLIC EMPLOYEES' BENEFITS PROGRAM	199
RETIRED EMPLOYEE GROUP INSURANCE PROGRAM.....	200
 APPENDIX	
REPORT OF THE STATE OF NEVADA ECONOMIC FORUM, DECEMBER 2, 2002	207

SECTION I HISTORICAL PERSPECTIVE

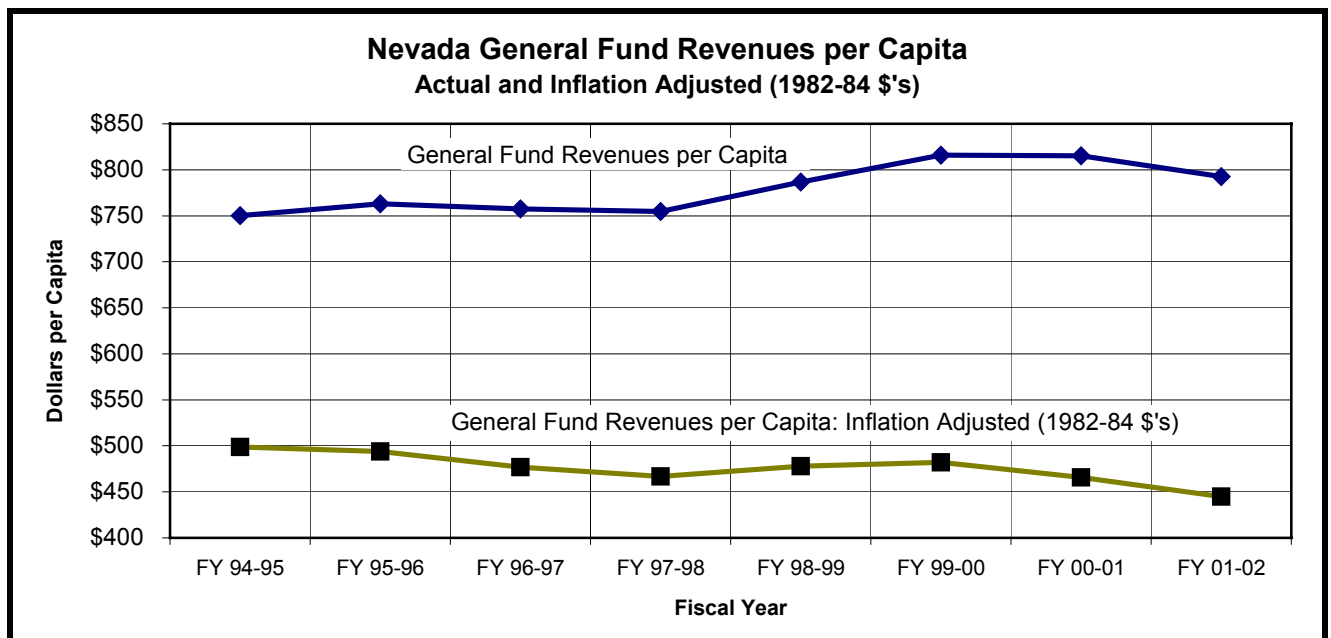
This section contains an eight-year history of actual state General Fund revenues with forecasts for the 2003-05 biennium and an eight-year history of General Fund operating appropriations with the Governor's recommendations for the 2003-05 biennium. Graphs depicting the trends in both General Fund revenues and appropriations are included. The appropriations table on page 7 shows the total state budget level, which includes the General Fund and all other available funding sources.

GENERAL FUND REVENUE TRENDS

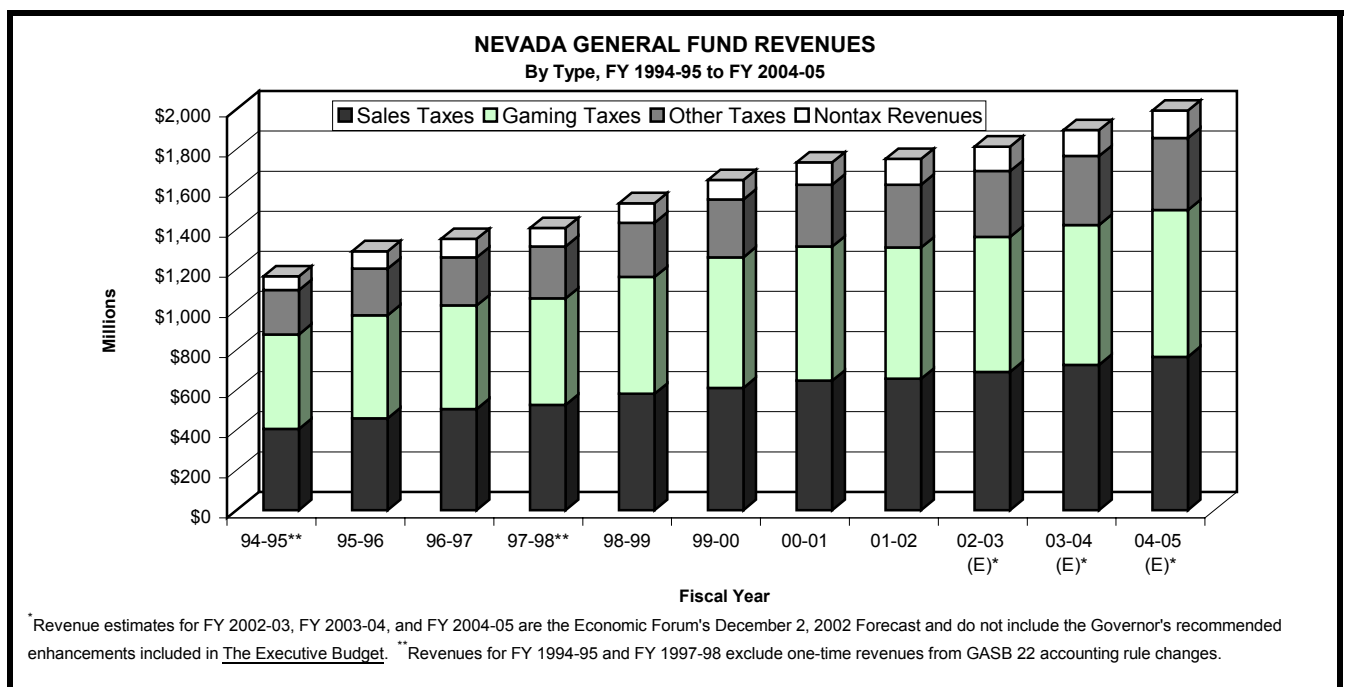
General Fund revenues were approximately \$1.75 billion in FY 2001-02, a 45 percent increase over FY 1994-95 revenues, yielding an average annual growth rate over the last eight years of 6.3 percent. Yearly growth rates, after ignoring the effects of accounting changes, have ranged from a low of 1.0 percent in FY 2001-02 to a high of 10.7 percent in FY 1995-96. The 1.0 percent growth in FY 2001-02 is attributable to the national recession and the effects of the September 11, 2001 terrorist attacks. Sluggish growth in FY 1997-98 reflected a slowdown in gaming and sales tax collections. Strong growth was observed in both of these revenue sources, especially gaming taxes, in FY 1998-99 and FY 1999-2000, due to the well-received openings of several new mega-resort casinos during this period. Total General Fund revenues grew 8.4 percent in FY 1998-99, 7.6 percent in FY 1999-2000, and 5.3 percent in FY 2000-01.



The seemingly strong average growth over the past eight years, however, is misleading. When state population growth and inflation over the period are taken into consideration, real per capita state revenues were approximately 11 percent lower in FY 2001-02, compared to FY 1994-95. In fact, real per capita revenues have declined an average of 1.0 percent over the past eight years. In effect, the tax system has produced limited surplus revenues to fund new or expanded programs. Enhancements have had to come from adjustments to the state's spending priorities or non-General Fund sources.

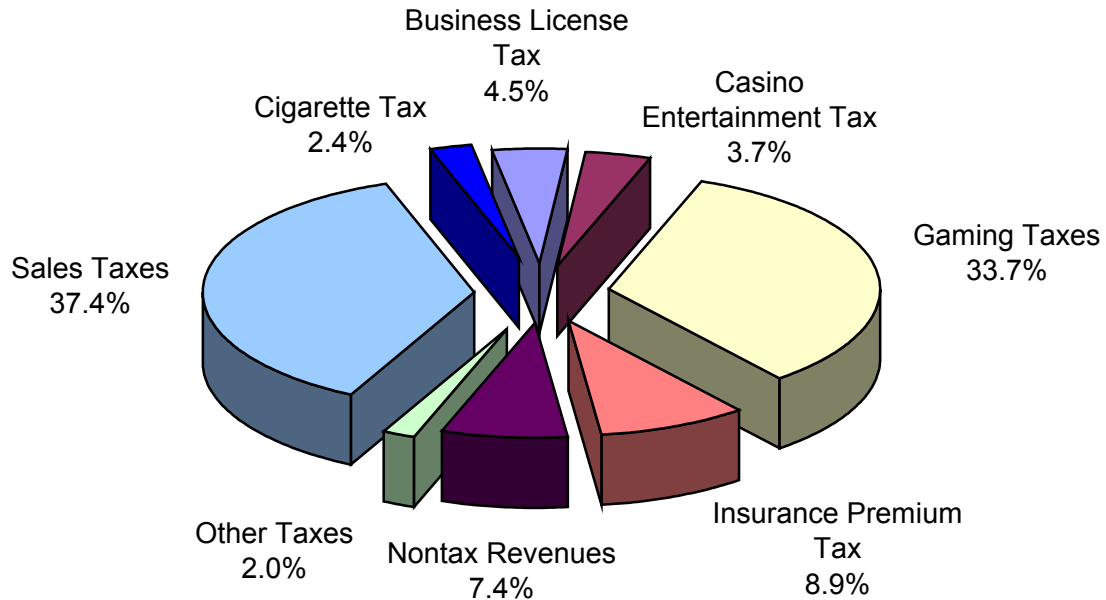


Taxes produced 92.6 percent of ongoing General Fund revenues in FY 2001-02, down from 93.6 percent in FY 2000-01 and 94.2 percent in FY 1994-95. Taxes share of total General Fund revenues fell in FY 2001-02 due to the weakness in sales and gaming taxes from the effects of the national recession and the September 11, 2001 terrorist attacks. Also, non-tax revenue sources share of the total General Fund increased due to legislation approved by the 2001 Legislature increasing Secretary of State fees, short-term car rental fees, and unclaimed property collections. Sales taxes contributed 37.4 percent of the revenues in FY 2001-02, up from 34.7 percent in FY 1994-95. Over the same period, gaming's share of revenues, including the casino entertainment tax, has dropped from 40.4 percent in FY 1994-95 to 37.4 percent in FY 2001-02. Other taxes made up 17.9 percent of revenues in FY 2001-02, a decrease from 19.0 percent in FY 1994-95.



NEVADA GENERAL FUND REVENUE

ACTUAL BY SOURCE, FY 2001-02



ACTUAL GENERAL FUND REVENUE - FY 2001-02

	<u>Millions \$'s</u>	<u>% of Total</u>
State Gaming Taxes	\$589.8	33.7%
Casino Entertainment Tax	\$64.8	3.7%
Subtotal Gaming Taxes	\$654.6	37.4%
Sales and Use Taxes	\$655.1	37.4%
Business License Tax	\$79.1	4.5%
Insurance Premium Tax	\$156.6	8.9%
Cigarette Tax	\$41.8	2.4%
Other Taxes		
Mining Tax	\$9.4	0.5%
Liquor Tax	\$16.0	0.9%
Annual Slot Tax Transfer	\$5.0	0.3%
Tobacco & Other Taxes	\$5.6	0.3%
Subtotal Other Taxes	\$36.0	2.0%
Subtotal All Taxes	\$1,623.1	92.6%

	<u>Millions \$'s</u>	<u>% of Total</u>
Nontax Revenues		
Licenses	\$63.9	3.7%
Fees and Fines	\$24.9	1.4%
Charges for Services	\$0.0	0.0%
Use of Money and Property	\$13.4	0.8%
Miscellaneous Revenues	\$26.6	1.5%
Subtotal Nontax Revenues	\$128.8	7.4%
Total General Fund	\$1,752.0	100.0%

GENERAL FUND REVENUE - DETAIL COMPARISON
ACTUALS: FY 1994-95 THROUGH FY 2001-02 AND FORECAST: FY 2002-03 THROUGH FY 2004-05

REVENUE CATEGORY	ACTUAL FY 1994-95	ACTUAL FY 1995-96	ACTUAL FY 1996-97	ACTUAL FY 1997-98	ACTUAL FY 1998-99	ACTUAL FY 1999-00	ACTUAL FY 2000-01	ACTUAL FY 2001-02	FORECAST FY 2002-03*	FORECAST FY 2003-04*	FORECAST FY 2004-05*
<u>TAXES</u>											
TOTAL MINING TAXES	\$25,167,616	\$21,040,507	\$15,703,138	\$15,797,625	\$14,894,647	\$13,446,512	\$14,672,692	\$9,418,008	\$10,705,862	\$10,264,000	\$9,816,207
TOTAL SALES AND USE TAXES	\$404,896,881	\$458,336,236	\$504,374,537	\$525,111,410	\$580,194,636	\$610,070,856	\$645,767,621	\$655,068,480	\$689,131,000	\$724,277,000	\$764,836,000
TOTAL GAMING TAXES	\$441,458,545	\$478,176,937	\$480,199,081	\$491,841,979	\$534,405,763	\$592,335,632	\$604,464,065	\$589,803,811	\$605,605,786	\$625,868,375	\$654,594,570
CASINO ENTERTAINMENT TAX	\$30,020,251	\$35,458,190	\$36,316,362	\$39,109,465	\$47,874,649	\$58,525,658	\$63,919,196	\$64,817,715	\$68,707,000	\$72,486,000	\$76,835,000
INSURANCE PREMIUM TAX	\$83,342,058	\$92,359,073	\$97,290,348	\$110,747,684	\$116,917,615	\$129,333,474	\$146,925,032	\$156,550,893	\$167,471,243	\$179,191,243	\$191,731,243
LIQUOR TAX	\$12,748,682	\$13,256,326	\$13,588,833	\$13,931,111	\$14,670,539	\$15,663,964	\$15,745,514	\$15,995,650	\$16,432,397	\$16,881,202	\$17,329,384
CIGARETTE TAX	\$34,315,477	\$36,147,766	\$38,170,383	\$39,618,525	\$42,124,234	\$42,220,870	\$43,691,552	\$41,843,892	\$42,703,000	\$43,483,000	\$44,153,000
OTHER TOBACCO TAX	\$2,797,478	\$3,443,855	\$4,389,398	\$4,944,712	\$5,358,940	\$5,962,399	\$5,602,823	\$5,557,893	\$5,835,788	\$5,894,146	\$5,953,087
JET FUEL TAX		\$49,293	\$52,267				\$2,692				
LAETRILE & GEROVITAL	\$4,963	\$12,590		\$6,940		\$3,776	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
HECC TRANSFER (ANNUAL SLOT TAX)	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$523,072	\$680,845	\$600,000	\$600,000	\$600,000
BUSINESS LICENSE FEE AND TAX	\$58,057,302	\$61,281,126	\$65,366,281	\$68,973,677	\$72,142,566	\$76,437,817	\$77,270,722	\$78,394,651	\$79,493,000	\$81,957,000	\$84,662,000
<u>SUBTOTAL TAXES</u>	<u>\$1,097,809,253</u>	<u>\$1,204,561,899</u>	<u>\$1,260,450,628</u>	<u>\$1,315,083,128</u>	<u>\$1,433,583,589</u>	<u>\$1,549,000,957</u>	<u>\$1,623,584,982</u>	<u>\$1,623,131,839</u>	<u>\$1,691,685,076</u>	<u>\$1,765,901,966</u>	<u>\$1,855,510,491</u>
PERCENT CHANGE	7.5%	9.7%	4.6%	4.3%	9.0%	8.1%	4.8%	0.0%	4.2%	4.4%	5.1%
<u>SUBTOTAL LICENSES [1.]</u>											
<u>SUBTOTAL LICENSES [1.]</u>	<u>29,733,354</u>	<u>33,282,082</u>	<u>38,373,612</u>	<u>36,767,615</u>	<u>41,398,271</u>	<u>48,386,482</u>	<u>50,112,496</u>	<u>63,885,422</u>	<u>68,403,209</u>	<u>70,898,972</u>	<u>73,062,427</u>
PERCENT CHANGE	8.6%	11.9%	15.3%	-4.2%	12.6%	16.9%	3.6%	27.5%	7.1%	3.6%	3.1%
<u>SUBTOTAL FEES AND FINES [2.]</u>											
<u>SUBTOTAL FEES AND FINES [2.]</u>	<u>9,556,077</u>	<u>10,518,698</u>	<u>11,980,470</u>	<u>13,601,982</u>	<u>12,971,100</u>	<u>13,244,606</u>	<u>13,117,391</u>	<u>24,878,868</u>	<u>28,239,275</u>	<u>29,136,972</u>	<u>30,078,854</u>
PERCENT CHANGE	54.4%	10.1%	13.9%	13.5%	-4.6%	2.1%	-1.0%	89.7%	13.5%	3.2%	3.2%
<u>SUBTOTAL CHARGE FOR SERVICES</u>											
<u>SUBTOTAL CHARGE FOR SERVICES</u>	<u>\$1,931,451</u>	<u>\$2,102,981</u>	<u>\$5,861</u>								
PERCENT CHANGE	21.3%	8.9%	-99.7%								
<u>SUBTOTAL USE OF MONEY & PROP.</u>											
<u>SUBTOTAL USE OF MONEY & PROP.</u>	<u>17,025,904</u>	<u>26,471,929</u>	<u>28,923,963</u>	<u>27,550,646</u>	<u>23,636,662</u>	<u>20,803,245</u>	<u>27,640,257</u>	<u>13,443,808</u>	<u>6,657,559</u>	<u>9,033,352</u>	<u>12,045,439</u>
PERCENT CHANGE	81.7%	55.5%	9.3%	-4.7%	-14.2%	-12.0%	32.9%	-51.4%	-50.5%	35.7%	33.3%
<u>SUBTOTAL ALL OTHER RECEIPTS [3.]</u>											
<u>SUBTOTAL ALL OTHER RECEIPTS [3.]</u>	<u>9,918,159</u>	<u>14,349,392</u>	<u>12,854,019</u>	<u>13,976,651</u>	<u>14,367,292</u>	<u>15,388,049</u>	<u>19,661,386</u>	<u>26,618,030</u>	<u>18,511,388</u>	<u>21,051,731</u>	<u>22,285,518</u>
PERCENT CHANGE	-8.6%	44.7%	-10.4%	8.7%	2.8%	7.1%	27.8%	35.4%	-30.5%	13.7%	5.9%
<u>SUBTOTAL GENERAL FUND REVENUE</u>											
<u>SUBTOTAL GENERAL FUND REVENUE</u>	<u>1,165,974,198</u>	<u>1,291,286,981</u>	<u>1,352,588,553</u>	<u>1,406,980,022</u>	<u>1,525,956,914</u>	<u>1,646,823,340</u>	<u>1,734,116,512</u>	<u>1,751,957,967</u>	<u>1,813,496,507</u>	<u>1,896,022,993</u>	<u>1,992,982,729</u>
PERCENT CHANGE	8.3%	10.7%	4.7%	4.0%	8.5%	7.9%	5.3%	1.0%	3.5%	4.6%	5.1%
DOLLAR CHANGE	89,257,220	125,312,783	61,301,572	54,391,469	118,976,892	120,866,425	87,293,172	17,841,456	61,538,540	82,526,485	96,959,737
<u>ONE-TIME ADJUSTMENTS</u>											
TOTAL SALES AND USE TAX-GASB 22	37,643,189										
CASINO ENTERTAINMENT TAX-GASB 22	2,513,962										
13TH MONTH-LIQUOR TAX				1,175,432							
13TH MONTH-CIGARETTE TAX				3,734,529							
13TH MONTH-OTHER TOBACCO TAX				449,472							
13TH MONTH-PETROLEUM INSPECTION				38,884							
BOND REFINANCING "SWAP"					5,000,000						
<u>TOTAL ONE-TIME ADJUSTMENTS</u>	<u>40,157,151</u>			<u>5,398,317</u>	<u>5,000,000</u>						
<u>TOTAL GENERAL FUND REVENUE</u>	<u>\$1,206,131,349</u>	<u>\$1,291,286,981</u>	<u>\$1,352,588,553</u>	<u>\$1,412,378,339</u>	<u>\$1,530,956,914</u>	<u>\$1,646,823,340</u>	<u>\$1,734,116,512</u>	<u>\$1,751,957,967</u>	<u>\$1,813,496,507</u>	<u>\$1,896,022,993</u>	<u>\$1,992,982,729</u>
PERCENT CHANGE	12.0%	7.1%	4.7%	4.4%	8.4%	7.6%	5.3%	1.0%	3.5%	4.6%	5.1%
DOLLAR CHANGE	129,414,371	85,155,632	61,301,572	59,789,786	118,578,575	115,866,425	87,293,172	17,841,456	61,538,540	82,526,485	96,959,737

*REVENUE ESTIMATES FOR FY 2002-03, FY 2003-04, AND FY 2004-05 REPRESENT THE ECONOMIC FORUM'S DECEMBER 2, 2002 FORECAST. ESTIMATES DO NOT INCLUDE THE GOVERNOR'S RECOMMENDED ENHANCEMENTS INCLUDED IN THE EXECUTIVE BUDGET.

[1.] S.B. 577 (2001 Legislative Session) increased the Secretary of State's recording and filing fees beginning in FY 2001-02.

[2.] A.B. 460 (2001 Legislative Session) changed the payment period for Short-Term Car Lease Fees from annual to quarterly and increased rate due to the state beginning in FY 2001-02.

[3.] A.B. 77 (2001 Legislative Session) shortened the time period for which certain types of property are deemed to be unclaimed beginning in FY 2001-02.

GENERAL FUND APPROPRIATION TRENDS

General Fund appropriations over the last eight years have grown from \$1.174 billion in FY 1995-96 to over \$1.926 billion in FY 2002-03, a 64.1 percent increase. The average annual growth in General Fund appropriations over the last eight years has been 7.2 percent. The schedule on the following page depicts those appropriations as approved by the Legislature for the 2001-03 biennium.

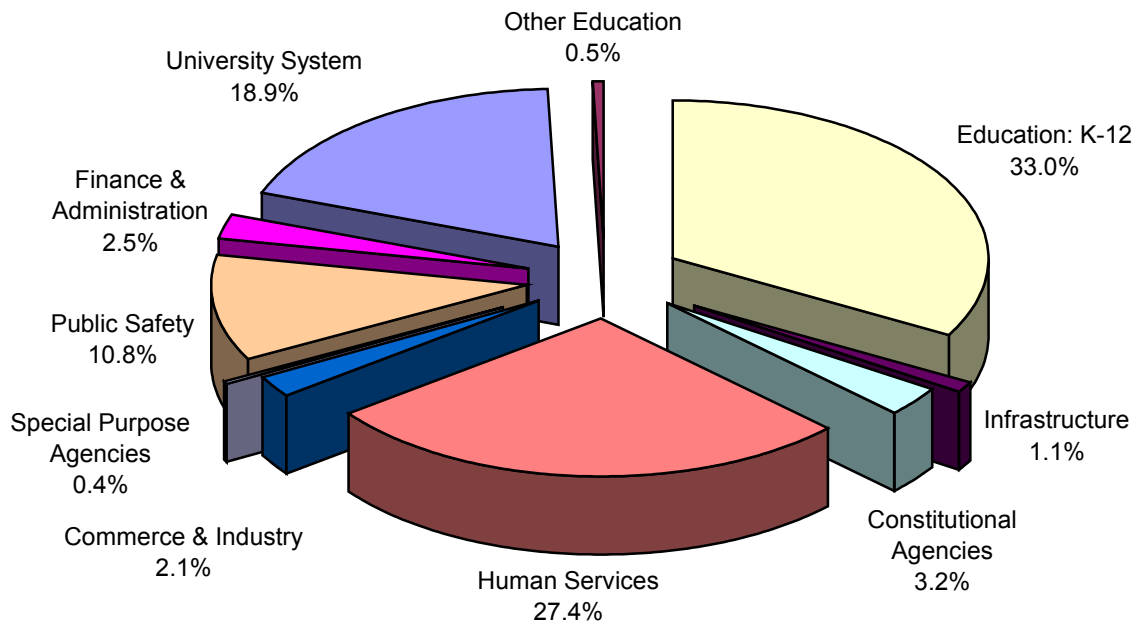
The General Fund budget for the current biennium, displayed here graphically, depicts how the budget has been allocated on a functional basis. Education, which receives 52.4 percent of state appropriations, is the largest responsibility of state government.

TOTAL STATE BUDGET TRENDS

The total legislatively approved state budget, which includes the General Fund, the Highway Fund, federal funds and other funds available to state agencies, has grown over the last eight years from \$3.0 billion in FY 1995-96 to \$5.1 billion in FY 2002-03, a 68.0 percent increase. The average annual increase for this time period has been 7.6 percent after adjusting FY 1995-96 through FY 2000-01 for funding provided to the State Industrial Insurance System (SIIS) and FY 1999-2000 and FY 2000-01 for the privatization of EICON (Employer's Insurance Company of Nevada) and excluding funding provided for the state's boards and commissions for FY 1995-96 through FY 2000-01 for comparison purposes.

NEVADA GENERAL FUND APPROPRIATIONS

LEGISLATURE APPROVES, 2001-03 BIENNIUM



LEGISLATURE APPROVES - 2001-03 BIENNIUM

	<u>2001-03 BIENNIUM</u>	<u>% of TOTAL</u>
CONSTITUTIONAL AGENCIES	\$ 122,557,297	3.2%
FINANCE & ADMINISTRATION	\$ 96,498,126	2.5%
EDUCATION:		
UNIVERSITY SYSTEM	\$ 717,438,630	18.9%
KINDERGARTEN TO 12TH GRADE	\$ 1,254,736,410	33.0%
OTHER EDUCATION ¹	\$ 18,822,873	0.5%
SUBTOTAL EDUCATION	\$ 1,990,997,913	52.4%
HUMAN SERVICES	\$ 1,041,400,306	27.4%
COMMERCE & INDUSTRY	\$ 80,021,841	2.1%
PUBLIC SAFETY	\$ 408,977,154	10.8%
INFRASTRUCTURE	\$ 43,148,570	1.1%
SPECIAL PURPOSE AGENCIES	\$ 13,424,283	0.4%
TOTAL	\$ 3,797,025,490	100.0%

¹ Other Education includes Commission on Postsecondary Education, WICHE, and Department of Cultural Affairs

COMPARISON OF GENERAL FUND OPERATING APPROPRIATIONS

1995-97 Biennium Through 2003-05 Biennium

Function	1995-96 Legislatively Approved ^a	1996-97 Legislatively Approved ^a	1997-98 Legislatively Approved ^b	1998-99 Legislatively Approved ^b	1999-00 Legislatively Approved ^c	2000-01 Legislatively Approved ^c	2001-02 Legislatively Approved ^d	2002-03 Legislatively Approved ^d	2003-04 Governor Recommends ^e	2004-05 Governor Recommends ^e
Constitutional Agencies	\$ 36,421,096	\$ 38,008,266	\$ 46,606,029	\$ 48,501,302	\$ 55,014,710	\$ 55,888,757	\$ 59,973,939	\$ 62,583,358	\$ 77,334,860	\$ 74,920,379
% of Total	3.1%	2.9%	3.2%	3.1%	3.5%	3.4%	3.2%	3.2%	3.3%	3.0%
Finance & Administration	\$ 26,964,785	\$ 37,565,770	\$ 28,134,114	\$ 39,814,176	\$ 19,853,441	\$ 29,405,686	\$ 41,939,420	\$ 54,558,706	\$ 26,064,637	\$ 24,876,637
% of Total	2.3%	2.8%	2.0%	2.6%	1.3%	1.8%	2.2%	2.8%	1.1%	1.0%
Education	\$ 627,975,635	\$ 715,545,818	\$ 775,775,725	\$ 844,066,777	\$ 867,550,965	\$ 897,485,467	\$ 1,000,549,556	\$ 990,448,357	\$ 1,291,237,106	\$ 1,346,899,549
% of Total	53.5%	54.1%	54.0%	54.3%	55.4%	54.6%	53.5%	51.4%	55.0%	54.7%
Human Services	\$ 303,345,510	\$ 342,896,840	\$ 368,712,420	\$ 398,740,450	\$ 379,066,773	\$ 405,828,871	\$ 498,159,712	\$ 543,240,594	\$ 654,086,077	\$ 709,987,399
% of Total	25.8%	25.9%	25.6%	25.6%	24.2%	24.7%	26.6%	28.2%	27.9%	28.8%
Public Safety	\$ 132,017,329	\$ 140,386,568	\$ 159,561,614	\$ 165,636,358	\$ 180,031,613	\$ 190,883,315	\$ 201,589,367	\$ 207,387,787	\$ 224,146,922	\$ 229,646,595
% of Total	11.2%	10.6%	11.1%	10.6%	11.5%	11.6%	10.8%	10.8%	9.5%	9.3%
Commerce & Industry	\$ 28,971,608	\$ 29,846,195	\$ 34,814,991	\$ 35,481,043	\$ 38,520,338	\$ 38,875,828	\$ 39,889,056	\$ 40,132,785	\$ 43,719,251	\$ 43,576,482
% of Total	2.5%	2.3%	2.4%	2.3%	2.5%	2.4%	2.1%	2.1%	1.9%	1.8%
Infrastructure	\$ 17,008,735	\$ 17,348,658	\$ 21,652,182	\$ 20,833,565	\$ 22,356,758	\$ 20,894,719	\$ 21,532,651	\$ 21,615,919	\$ 25,128,718	\$ 24,679,084
% of Total	1.4%	1.3%	1.5%	1.3%	1.4%	1.3%	1.2%	1.1%	1.1%	1.0%
Special Purpose Agencies	\$ 1,344,643	\$ 1,526,890	\$ 2,292,888	\$ 2,284,659	\$ 3,126,075	\$ 5,264,452	\$ 6,971,421	\$ 6,452,862	\$ 6,477,268	\$ 6,927,906
% of Total	0.1%	0.1%	0.2%	0.1%	0.2%	0.3%	0.4%	0.3%	0.0	0.0
Total General Fund	\$ 1,174,049,341	\$ 1,323,125,005	\$ 1,437,549,963	\$ 1,555,358,330	\$ 1,565,520,673	\$ 1,644,527,095	\$ 1,870,605,122	\$ 1,926,420,368	\$ 2,348,194,839	\$ 2,461,514,031
% of Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% Increase	5.9%	12.7%	8.6%	8.2%	0.7%	5.0%	13.7%	3.0%	21.9%	4.8%
% of Total State Budget	38.8%	40.5%	38.6%	40.4%	39.0%	39.6%	38.6%	37.9%	40.0%	40.0%
Total State Budget (All Funds)	\$ 3,029,350,151	\$ 3,266,678,990	\$ 3,728,300,909	\$ 3,851,032,255	\$ 4,014,770,358	\$ 4,150,608,591	\$ 4,849,977,614	\$ 5,088,487,310	\$5,870,056,635	\$6,146,376,854

NOTES:

1. The amount for Finance and Administration in the 1997-99 biennium included \$11.4 million in FY 1997-98 and \$21 million in FY 1998-99 in Salary Adjustment Funds.
2. The amount for Finance and Administration in the 1999-01 biennium included \$78,979 in FY 1999-00 and \$8.4 million in FY 2000-01 in Salary Adjustment Funds.
3. The amount for Finance and Administration in the 2001-03 biennium included \$23.6 million in FY 2001-02 and \$34.2 in FY 2002-03 in Salary Adjustment Funds.
4. The Total State Budget is Net of Inter-Agency Transfers
5. The Total State Budget includes the following adjustments for comparison with recommendations in The Executive Budget for the 2003-05 biennium:
 - a. Excludes funding provided for the State Industrial Insurance System (SIIS) for fiscal years 1995-96 through 2000-01 to reflect the privatization of the Employer's Insurance Company of Nevada (EICON).
 - b. Excludes funding provided for the state's boards and commissions for fiscal years 1995-96 through 2000-01.

**Comparison of General Fund Operating Appropriations
1995-97 Biennium Through 2003-05 Biennium
Notes to Preceding Table**

a. Source: Legislative Appropriations Report; Sixty-Eighth Legislature. Includes the following adjustments:

Constitutional Agencies	\$9,000	Attorney General Special Fund Transfer to FY 1996 from FY 1997
Constitutional Agencies	\$135,551	Supplementals; 1997 Legislature
Finance & Administration	\$560,105	Supplementals; 1997 Legislature
Education	\$54,500	Supplementals; 1997 Legislature
Human Services	\$2,116,681	Supplementals; 1997 Legislature
Human Services	\$461,623	Youth Community Services Transfer to FY 1996 from FY 1997
Commerce and Industry	\$427,890	Supplementals; 1997 Legislature
Infrastructure	\$133,726	Outstanding General Fund Advance; Close of FY 1997

b. Source: Legislative Appropriations Report; Sixty-Ninth Legislature. Includes the following adjustments:

Constitutional Agencies	\$19,663	Supplementals; 1999 Legislature
Finance & Administration	\$165,000	Supplementals; 1999 Legislature
Education	\$12,298,402	DSA Transfer from FY 1999 to FY 1998
Education	\$38,459,502	Supplementals; 1999 Legislature
Human Services	(\$564,371)	DCFS Transfer from FY 1998 to FY 1999
Public Safety	\$387,307	Supplementals; 1999 Legislature
Commerce and Industry	\$203,403	Supplementals; 1999 Legislature
Infrastructure	\$13,918	Supplementals; 1999 Legislature

c. Source: Legislative Appropriations Report; Seventieth Legislature. Includes the following adjustments:

Constitutional Agencies	\$16,987	Attorney General Special Fund Transfer from FY 2001 to FY 2000
Constitutional Agencies	\$81,793	District Court/Spouse Pension Transfer from FY 2001 To FY 2000
Constitutional Agencies	\$330,704	Supplementals; 2001 Legislature
Finance & Administration	\$525,000	Senior Citizens Property Tax Assistance Transfer from FY 2001 to FY 2000
Education	(\$715,665)	Proficiency Testing Transfer from FY 2000 to FY 2001
Education	\$80,681	Supplementals; 2001 Legislature
Human Services	(\$10,000)	Community Juvenile Justice Transfer from FY 2000 to FY 2001
Human Services	(\$1,796,931)	UNITY/SACWIS Transfer from FY 2000 to FY 2001
Human Services	(\$296,135)	Youth Alternative Services Transfer from FY 2000 to FY 2001
Human Services	\$595,194	Youth Community Services Transfer from FY 2001 to FY 2000
Human Services	\$3,179,817	Supplementals; 2001 Legislature
Public Safety	\$8,993	Supplementals; 2001 Legislature
Commerce and Industry	\$21,963	Supplementals; 2001 Legislature
Infrastructure	\$40,181	Supplementals; 2001 Legislature
Special Purpose Agencies	(\$250,098)	Veteran's Home Account Transfer from FY 2000 to FY 2001

d. Source: Legislative Appropriations Report; Seventy-First Legislature. Includes the following adjustments:

Finance & Administration	(\$237,492)	Budget & Planning Transfer from FY 2002 to FY 2003
Education	\$43,852,000	DSA Transfer from FY 2003 to FY 2002
Human Services	(\$721,079)	Child Welfare Integration Transfer from FY 2002 to FY 2003
Human Services	\$65,544	Nevada Check-Up Program Transfer from FY 2003 to FY 2002
Human Services	\$209,112	Youth Community Services Transfer from FY 2003 to FY 2002
Human Services	\$142,043	Assistance to Aged & Blind Transfer from FY 2003 to FY 2002
Public Safety	\$491,050	Outstanding General Fund Advance; Close of FY 2002
Infrastructure	\$250,000	Outstanding General Fund Advance; Close of FY 2002

e. For display purposes, reflects the Governor's Recommended Organizational Changes in The Executive Budget for the 2003-05 Biennium:

Constitutional Agencies/ Human Services	Reflects the transfer of Juvenile Justice Programs from HR, Child and Family Services to the Attorney General's Office
Human Services	Reflects the transfer of Developmental Disabilities and Community-Based Services from DETR to Human Resources, Director's Office
Human Services/ Commerce & Industry	Reflects the transfer of Committee to Hire the Handicapped from Business and Industry to DETR

SECTION II

GENERAL FUND PROJECTED FUND BALANCE

Senate Bill 23 (1993) established an Economic Forum to forecast state General Fund revenues for use by all state agencies, the Governor and the Legislature. The Economic Forum must forecast revenues by December 1 of even-numbered years and revise the forecast by May 1 during the legislative session, if necessary. If either the Governor or the Legislature wants to appropriate more than what is available pursuant to the official forecast, a revenue enhancement proposal must be made. The Governor has recommended General Fund revenue enhancements of \$84.8 million in FY 2002-03, \$438.2 million in FY 2003-04, and \$560.1 million in FY 2004-05 generated from increases in current taxes and fees and proposed new taxes. Section III - Tax Overview (page 15) provides a description of the Governor's recommended tax changes for FY 2002-03 and the 2003-05 biennium.

Once the official forecast of state revenues has been completed, an estimate of the unappropriated General Fund balance (surplus) can be made. The following page displays the General Fund balance as estimated by the Budget Division. This balance is estimated to be achieved after the Governor directed the reversion of ongoing appropriations (\$39.4 million), proposed 3% budget reductions (\$33.2 million), and additional reversions of one-shot appropriations (\$28.1 million) in FY 2002-03. The projected General Fund balance, before any legislative action, on June 30, 2003 is \$263.8 million (balance includes transfer of \$100 million from the rainy day fund which requires legislative approval). Under the proposed budget, the balance would increase from \$90.4 million at June 30, 2002, to \$185.6 million on June 30, 2005.

STABILIZATION FUND (NRS 353.288)

In 1991, the Legislature created the Fund to Stabilize Operations of State Government (rainy day fund) to help stabilize the budget. The idea was to create a state trust fund which could be funded during good times and accessed in a fiscal emergency. The concept of the trust fund is relatively simple. When the state General Fund surplus reaches a certain threshold at the end of a fiscal year, a portion of the excess is to be held in trust to help the state through financial emergencies. The conditions under which monies held in trust can be expended are tightly defined in law (NRS 353.288) and require concurrence of both the Legislature and the Governor.

In FY 1993-94, surplus General Funds exceeded the threshold and, pursuant to the law, the Controller transferred two-fifths (40 percent) of the excess to the rainy day fund. The actual transfer for FY 1993-94 was \$18.0 million. The remaining three-fifths (60 percent) of the excess remained in the General Fund to meet supplemental and one-time appropriation needs as well as state capital improvement program requirements. At the 1995 Legislative Session, the Governor proposed, and the Legislature approved, an appropriation of \$81.9 million to bring the fund to \$100 million.

The 1995 Legislature indexed the maximum limit on the fund to 10 percent of annual General Fund appropriations. In FY 1995-96, \$23.4 million was triggered to the fund, and the Legislature approved an appropriation of \$5.5 million in FY 1996-97 to raise the fund to \$128.9 million. No additional funds were triggered to the fund at the end of FY 1997-98 or FY 1998-99 because state General Fund revenues were below projections and the threshold was not reached. In FY 1999-2000, surplus General Funds triggered a transfer to the rainy day fund of \$7.5 million, which increased the fund balance to \$136.3 million.

The Executive Budget recommends \$100 million be allocated from the rainy day fund to the state general fund to provide additional funding needed for FY 2002-03. The Governor recommends a one-shot appropriation of \$50 million at the end of FY 2002-03 to partially repay the rainy day fund. The Executive Budget recommends an additional one-shot appropriation of \$50 million in FY 2004-05 to replenish the rainy day fund to its current level of \$136.3 million.

**STATEMENT OF PROJECTED UNAPPROPRIATED
GENERAL FUND BALANCE - FISCAL YEARS 2003-2005**

		<u>Budget Division</u>
Unappropriated Balance July 1, 2002 ^a		\$ 90,412,495
Projected Revenues FY 2002-03 Per Economic Forum on December 2, 2002	\$ 1,813,496,507	
Projected NEW Revenues FY 2002-03 - Governor's Recommend	\$ 84,799,761	
Transfer from Fund to Stabilize the Operation of State Government	\$ 100,000,000	
Treasurer Refinancing Strategies	\$ 2,240,000	
Projected Reversions FY 2002-03	\$ 39,370,000	
Proposed 3% Budget Reductions	\$ 33,150,440	
Repayment of Outstanding General Fund Advances	\$ 840,796	
Additional Reversions - One Shots, etc.	<u>\$ 28,101,841</u>	
Total Funds Available		\$ 2,192,411,840
Less Appropriations:		
FY 2002-03 Operating Appropriations	\$ (1,969,730,496)	
Appropriations Transferred Between Fiscal Years	\$ 43,310,128	
Cost of 18th Special Session	<u>\$ (160,000)</u>	
Total FY 2002-03 Appropriations Before 2003 Legislative Action		\$ (1,926,580,368)
Transfer to Disaster Relief Fund		<u>\$ (2,000,000)</u>
Total Estimated Unappropriated General Fund Balance July 1, 2003		\$ 263,831,472
Estimated General Fund Balance Before Legislative Action		
Projected Revenues FY 2003-04 Per Economic Forum on December 2, 2002	\$ 1,896,022,994	
Projected NEW Revenues FY 2003-04 - Governor's Recommend	\$ 425,693,166	
Projected Reversions	\$ 46,964,000	
Transfer to Disaster Relief Fund	<u>\$ (2,000,000)</u>	
Total Estimated Revenue & Reversions FY 2003-04		\$ 2,366,680,160
Projected Revenues FY 2004-05 Per Economic Forum on December 2, 2002	\$ 1,992,982,730	
Projected NEW Revenues FY 2004-05 - Governor's Recommend	\$ 540,091,192	
Projected Reversions	\$ 55,384,000	
Transfer to Disaster Relief Fund	<u>\$ (2,000,000)</u>	
Total Estimated Revenue & Reversions FY 2004-05		\$ 2,586,457,922
Estimated Unappropriated Balance July 1, 2005 Before Legislative Action		\$ 5,216,969,554

^a. Subject to reconciliation with the Fiscal Division and the 2001-02 Controller's Annual Report; does not include \$136,340,970 in the Stabilization Fund (NRS 353.288).

Recommended General Fund Appropriations Before the 72nd Nevada Legislature	
	<u>Budget Division</u>
FY 2002-03 Restore Fund Balances	\$ (13,992,456)
FY 2002-03 Restore Fund to Stabilize Operation of State Government	\$ (50,000,000)
FY 2002-03 Supplemental Appropriations	
Distributive School Account	\$ (71,750,340)
Medicaid	\$ (7,313,621)
Other	\$ (4,605,460)
FY 2002-03 One-Shot Appropriations	\$ -
FY 2002-03 Recommended Park Improvement Program	\$ -
FY 2002-03 Recommended Capital Improvements	\$ -
Estimated Cost of the 2003 Legislative Session	<u>\$ (11,000,000)</u>
Total FY 2002-03 Recommended Appropriations	\$ (158,661,877)
Total FY 2003-04 Recommended Appropriations	\$ (2,348,194,839)
FY 2004-05 Ongoing Appropriations	\$ (2,461,514,031)
FY 2004-05 Restore Fund to Stabilize Operation of State Government	\$ (50,000,000)
Estimated Cost of the 2005 Legislative Session	<u>\$ (13,000,000)</u>
Total FY 2004-05 Recommended Appropriations	\$ (2,524,514,031)
Estimated Unappropriated Balance July 1, 2005	\$ 185,598,807

SECTION III TAX OVERVIEW

This section reviews the major tax policy changes approved by the Legislature each session since 1995 and proposals for the 2003-05 biennium. Summaries of tax policy changes back to 1979 are included in the Revenue Reference Manual available from the Fiscal Analysis Division.

1995 SESSION

Proposals in The Executive Budget and actions during the legislative session were, for the first time, predicated on the General Fund revenue projections of the Economic Forum. With the expected opening of several major casinos during the 1995-97 biennium, the revenue forecast was optimistic, and The Executive Budget was fully funded by the existing revenue structure.

After identifying reduced caseload projections for the Medicaid and Aid to Dependent Children programs and receiving upwardly revised forecasts from the Economic Forum, the Legislature was able to stray from the status quo revenue plan submitted by the Governor. These modifications included the postponement of the prepayment of the insurance premium tax and adoption of several tax exemptions contingent on voter approval and tax incentives for economic development. Voters subsequently approved sales tax exemptions for orthotic equipment and supplies and for sales by charitable organizations.

The Legislature also eliminated the prepayment of taxes on the net proceeds of minerals, but designed the plan to minimize any revenue loss. Also approved was a measure to move the collection of the tax on diesel fuel to the terminal-rack level. This bill ultimately resulted in a substantial increase in revenues for the Highway Fund because of simplified enforcement and increased compliance. The Legislature approved no tax increases and only a few fee increases.

Among local government revenue issues, one of the most hotly debated was a bill that allows new urban towns within Clark County to share in revenues from the SCCRT and motor vehicle privilege tax. Because these two taxes provide fixed amounts of revenue each year, the effect of the legislation is to transfer resources from the five cities in Clark County to the county government whenever a new urban town is established.

1997 SESSION

Within a backdrop of national prosperity marked by the lowest inflation, unemployment rates and federal budget deficits since the 1960s, the state revenue forecasts produced by the Economic Forum were strong. Another factor tempering support for tax changes was a new constitutional provision adopted through voter initiative that requires a two-thirds approval of both houses of the Legislature to increase any tax or fee. As a result, the General Fund portion of The Executive Budget once again contained no major tax proposals.

After reviewing The Executive Budget, which included most of the one-time revenue from the prepayment of the insurance premium tax in the ending fund balance for the second year of the biennium, the Legislature quickly approved legislation to repeal the prepayment. This legislation,

which also required that taxes be paid on actual premium volume rather than prior year activity, produced a net reduction of \$50 million in the ending fund balance.

Much of the Legislature's work on taxes during the 1997 session involved issues important to local governments. One of its most significant actions was to approve a plan developed by an interim committee to pool local government revenue from six different revenue sources at the county level and to distribute those revenues to eligible local governments within the county based on a formula tied to inflation and the growth in population and assessed valuation. The Legislature further ratified the work of the interim committee by reauthorizing it as a statutory committee through July 1, 2001.

The Legislature authorized Clark County to impose a $\frac{1}{4}$ percent sales tax for additional water delivery and wastewater facilities and extended the additional sales tax authority to other counties for their particular infrastructure needs. To provide additional funding for the rapidly growing school population in Clark County, the Legislature approved an additional one percent room tax, redirected a $\frac{5}{8}$ percent room tax from the convention and visitors authority, and increased the real property transfer tax by 60 cents per \$500 of value and earmarked the revenue for school infrastructure.

On a statewide basis, the Legislature adopted a new property tax incentive program to encourage economic development and diversification.

1999 SESSION

General Fund revenue collections during the 1997-99 biennium were disappointing and came in below the Economic Forum forecast produced in April 1997. Nevertheless, The Executive Budget contained no significant revenue enhancements for the third consecutive budgetary cycle.

The Legislature approved the two minor General Fund revenue changes that were included in the Governor's proposals. First, about \$2.6 million of revenue that had accrued in the permanent net proceeds fund was redirected to the General Fund in FY 1998-99. Also, the permanent net proceeds allocation was eliminated in future years with the formerly earmarked proceeds going to the General Fund. The latter change increased net proceeds revenue for the General Fund by about \$700,000 in each year of the biennium. The second change set the General Fund commission for the collection of local sales taxes at 0.75 percent rather than 0.5 percent, adding about \$7.5 million to the state General Fund and reducing local government and school revenues by a like amount during the biennium.

Only a handful of bills that affect state revenue collections were approved in 1999. These included the transfer, effective January 1, 2002, of the collection of the gasoline tax to the Department of Motor Vehicles and a change in the collection point of that tax to the terminal-rack level. Other bills approved make it easier for Nevadans to purchase wine for personal consumption directly from out-of-state wineries, outlaw the sale of cigarettes in Nevada that were produced for export to another country and then re-imported into the U.S., and require cigarette manufacturers who have not signed the master settlement agreement to put money into an escrow account based on the number of cigarettes they sell in Nevada.

The Legislature also passed a number of bills affecting the revenues of local governments. Included were more than ten bills recommended by the statutory committee on the distribution of local government revenue that was created in the previous session. One of these bills standardized the criteria for tax abatements for economic development. Another bill from the statutory committee allows the \$3.64 property tax rate cap to be exceeded in certain jurisdictions under very limited circumstances. A third committee bill prohibits a local government from “buying down” the tax rate of another local government to bring the combined tax rate in that local government within the statutory rate cap. Other important legislation increased the room tax in Washoe County to improve convention and visitor facilities, and revised the property and sales tax exemptions for the public display of fine art.

2001 SESSION

The 2001 session of the Legislature convened with clouds across the economic horizon. Stock values had been dropping, most severely in the high-tech sector, and various economic indicators reflected that a United States recession was a strong possibility. In addition, an energy shortage in California threatened to adversely affect the economies of western states.

The modest General Fund revenue increases forecasted by the Economic Forum were used to fully fund the Governor’s budget proposals. No General Fund revenue increases were proposed, although the Legislature adopted two non-General Fund revenue enhancements included in The Executive Budget. The first, AB 134, increases fraud assessments on insurers. The bill produces about \$359,500 in additional revenue annually, of which \$263,000 is used to fully fund the Attorney General’s Insurance Fraud Unit. The remaining additional revenue is used to replace a portion of General Fund support for insurance regulation. The second measure, AB 199, doubles the trout stamp fee to \$10. The additional revenue will be used to repay \$3.5 billion in bonds to be issued to rehabilitate fish hatcheries.

The modest General Fund revenue forecast used in The Executive Budget ultimately proved too optimistic. The Economic Forum’s May 1 revisions reduced projected General Fund revenues by \$87 million during the 2001-03 biennium. After receiving the reduced revenue numbers, the Legislature approved three General Fund revenue enhancements to replace approximately \$65 million of that “shortfall” over the biennium.

The bills providing revenue increases included AB 77 and SB 489, which shortened the period that certain property is considered unclaimed and remitted to the state. These bills were expected to produce an estimated one-time increase in revenues of approximately \$8.3 million in FY 2001-02. Senate Bill 577 was designed to provide an additional \$29 million during the biennium through increases in a variety of fees on business transactions handled through the Secretary of State’s office. Finally, AB 460 increases the state’s share of the car rental fees to a full six percent rate and provides for quarterly rather than annual payment of those fees, generating an additional \$27.5 million for the state General Fund during the 2001-03 biennium.

Because of concerns over the state’s long-term revenue picture, the Legislature approved ACR 1 during the 17th Special Session. This resolution created a Governor’s Task Force on Tax Policy

in Nevada to review state revenues during the interim. The 2001 Legislature and the 17th Special Session also approved a number of bills affecting local government finances, including several that contained recommendations from the Legislative Committee Studying the Distribution of Revenue among Local Governments (SB 253 of the 1997 session). One of those bills, SB 557 extends the authority of the committee through June 30, 2005, and renames it the Legislative Committee for Local Government Taxes and Finance to better recognize the committee's areas of study.

In addition to the bills affecting state revenues and local government finances, the Legislature also approved numerous technical tax law changes and continued to revise tax exemptions in 2001. As the regular and special sessions concluded, state and national economic performance remained sluggish, and the first recession since 1991 was underway.

TAX PROPOSALS FOR THE 2003 SESSION

The lingering effects of the recession that began in March 2001 and the September 11, 2001 terrorist attacks have resulted in a significant slowdown in the growth of the Nevada economy. The state economic slowdown has put considerable pressure on both the state "safety-net" expenditures, as well as the revenues used to fund those expenditures.

September 11 initiated a sizable decline in tourism activity, which, in turn, has resulted in very sluggish gaming and sales tax revenue collections. Because these two sources account for about 70 percent of state General Fund revenues, the underperformance has led to a revenue shortfall of an estimated \$156 million for this biennium, using the revised estimates of the Economic Forum, when compared to the forecasts used to support the budget approved by the 2001 Legislature. The state is also facing a shortfall of more than \$70 million this biennium in the Distributive School Account due mainly to slow growth of sales tax revenues produced by the Local School Support Tax for schools.

Although the Economic Forum has forecast modest increases from this year's reduced base of 4.6 and 5.1 percent in General Fund revenues for FY 2003-04 and FY 2004-05, respectively, overall revenue growth has been far below the combined effects of population growth and inflation since FY 2000-01. The Governor's Task Force on Tax Policy in Nevada, which was created by the 17th Special Session principally to address the state's long-term revenue needs, quickly began to design a solution to this short-term revenue problem as well. In the end, the Task Force produced a package of tax increases and new taxes to address both the short and long-term revenue needs of the state.

Using the Task Force recommendations as a template, The Executive Budget for the 2003-05 biennium proposes tax increases and other revenue changes that would add more than \$1 billion to state General Fund revenues through the end of FY 2004-05. Included in the proposal are increases in the cigarette, liquor and business license taxes and Secretary of State fees and restricted slot fees that are scheduled to begin April 1, 2003, to help balance the current year's budget and partially replenish the state budget stabilization fund. These increases and several minor revenue adjustments are expected to generate \$84.8 million this fiscal year.

Continuation of these revenue enhancements, and proposals to enact an annual business license fee and a transactions tax on certain amusement and recreation activities and several other revenue adjustments are estimated to provide a total of \$438.2 million in additional revenues in FY 2003-04. These revenues are then supplemented the following fiscal year with a proposed state property tax, which helps increase the total amount of additional revenue forecast for FY 2004-05 to \$560.1 million.

The following table identifies each revenue proposal and the amounts expected from each enhancement or other adjustment as included in the Governor's Budget in FY 2002-03, 2003-04 and 2004-05, respectively. In addition to these proposals, the Governor is requesting that the Legislature enact a gross receipts tax of ¼ of one percent with an exemption of \$450,000 per business, increase the top gaming tax rate to 6.5 percent, and reduce the business license tax to \$140 per year to support the General Fund budget in FY 2005-06 and beyond. The enactment of a gross receipts tax was the key component of the revenue proposals of the Governor's Task Force on Tax Policy in Nevada.

Affected Revenue	Summary of Proposal	FY 2002-03 Estimate	FY 2003-04 Estimate	FY 2004-05 Estimate
<u>Tax and Fee Increases</u>				
Cigarette Tax	\$1.05 increase per pack of 20 cigarettes	\$ 29,688,047	\$ 120,921,281	\$ 122,784,474
Liquor Taxes	89% increase in rates of four liquor categories	4,205,658	17,282,093	17,740,919
Business License Tax	\$200 per year increase in tax and application of tax to sole proprietor and first partner of a partnership	42,697,678	176,084,615	190,658,824
Secretary of State Fees	Amounts of all fees increased by 50%	6,784,762	27,998,419	28,891,139
Restricted Slots	Quarterly rates per slot increased by 33%	561,100	2,306,394	2,382,477
Business License Fee	\$100 annual fee to replace \$25 one-time fee	–	9,075,412	10,313,110
Amusement Tax	7.3% tax on admissions and other amusement expenditures except those already taxed and participatory activities	–	82,487,638	85,750,031
Property Tax	15 cents per \$100 of assessed value	–	–	99,534,677
<u>Other Revenue Proposals</u>				
IFS Repayment	Increase Dept. of Personnel annual amount	\$851,468	\$975,140	\$975,140
Cost Recovery	Revise Cost Allocation Plan	11,049	3,091,514	3,104,356
Financial Inst. Fees	Make division self-funded and remove existing fees from General Fund	–	-1,844,780	-1,844,780
Real Estate License	\$20 increase for original license and \$10 increase for renewals	–	150,441	135,824
Tuition Program	Reduce payback amount to \$25,000 annually	–	-335,000	-335,000
Total Net Revenues		\$ 84,799,761	\$ 438,193,166	\$ 560,091,192

The additional revenues are designed to provide 20.5 percent of the funding for the General Fund budget during the 2003-05 biennium. According to The Executive Budget in Brief, over 90 percent of the spending increase is in two programmatic areas: education and humans resources.

Although these and other revenue enhancement plans to support the Governor's budgetary recommendations will be the high-profile topic this session, there will be many other tax policy issues that the Legislature will consider. Among these are ten recommendations from the Legislative Committee on Local Government Taxes and Finance (NRS 218.5388 et. seq.).

Included are proposals to index gasoline tax rates for inflation, provide additional room under the \$3.64 property tax cap for local governments, and revise policies relating to the taxation of public utilities. As of this writing, there are more than 75 bill draft requests (BDRs) affecting state and local tax policy in Nevada, with more yet to come. Most of these BDRs will be considered by at least one taxation committee or another legislative committee during the 2003 Legislative Session.

SECTION IV

GENERAL FUND APPROPRIATIONS AND TOTAL BUDGET

On January 20, 2003, Governor Kenny Guinn transmitted his 2003-05 Executive Budget to the Seventy-second Nevada Legislature. The budget includes recommendations for a capital improvement program and supplemental appropriations, as well as operating appropriations and authorizations for fiscal years 2003-04 and 2004-05.

The Governor's recommended budget includes over \$4.8 billion in General Fund operating appropriations for the 2003-05 biennium, \$83.7 million in supplemental appropriations, and \$114.0 million to restore certain fund balances, bringing the total recommended General Fund appropriations to over \$5.0 billion. Recommended ongoing (operating) appropriations increase from \$3.80 billion for the 2001-03 biennium to \$4.81 billion, a 26.6 percent increase.

After adjusting for interagency transfers, appropriations and authorizations for new spending for the 2003-05 biennium from all revenue sources totals \$12.0 billion, which compares to the \$10.2 billion approved by the 2001 Legislature. This represents a 17.6 percent increase in total funding recommended for the 2003-05 biennium compared to the amounts approved by the 2001 Legislature for the 2001-03 biennium.

The schedules that follow contain all of the appropriations recommended by the Governor for the 2003-05 biennium. Also included is a "pie chart" which illustrates the proposed distribution of General Fund operating appropriations among the various governmental functions.

Following are summaries and schedules, which reflect the proposed spending in the Governor's budget. Included is a "Source of Funds Summary" which compares the proposed operating appropriations and authorizations for the 2003-05 biennium with the current biennium by funding source, a list of proposed supplemental appropriations for the current year, and the Governor's proposed capital improvement program.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 02 Actual	2002 - 03 Work Program	2003 - 04 Governor Recommended	% Change	2004 - 05 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
GENERAL FUND	58,926,823	63,312,848	77,334,860	22.15	74,920,379	-3.12
BALANCE FORWARD	11,369,956	44,681,480	36,375,781	-18.59	23,521,086	-35.34
FEDERAL FUND	5,204,545	6,797,798	10,450,849	53.74	5,262,457	-49.65
HIGHWAY FUND	7,500	7,500				
INTER AGENCY TRANSFER	120,053,346	127,895,369	124,503,887	-2.65	129,784,128	4.24
INTERIM FINANCE	249,514					
OTHER FUND	187,481,861	191,783,295	201,224,655	4.92	210,817,800	4.77
TOTAL-CONSTITUTIONAL AGENCIES	383,293,545	434,478,290	449,890,032	3.55	444,305,850	-1.24
Less: INTER AGENCY TRANSFER	120,053,346	127,895,369	124,503,887	-2.65	129,784,128	4.24
NET-CONSTITUTIONAL AGENCIES	263,240,199	306,582,921	325,386,145	6.13	314,521,722	-3.34
FINANCE & ADMINISTRATION						
GENERAL FUND	12,001,509	54,558,706	26,064,637	-52.23	24,876,637	-4.56
BALANCE FORWARD	4,143,405	53,566,676	15,721,823	-70.65	17,983,360	14.38
FEDERAL FUND	1,646,700	1,464,006	1,521,627	3.94	1,521,627	
HIGHWAY FUND	423,290	15,300,387	4,579,865	-70.07	2,246,825	-50.94
INTER AGENCY TRANSFER	81,468,258	86,695,661	103,376,606	19.24	99,443,301	-3.80
OTHER FUND	35,390,825	29,807,543	32,998,426	10.70	34,488,720	4.52
TOTAL-FINANCE & ADMINISTRATION	135,073,987	241,392,979	184,262,984	-23.67	180,560,470	-2.01
Less: INTER AGENCY TRANSFER	81,468,258	86,695,661	103,376,606	19.24	99,443,301	-3.80
NET-FINANCE & ADMINISTRATION	53,605,729	154,697,318	80,886,378	-47.71	81,117,169	.29
EDUCATION						
GENERAL FUND	986,202,116	990,448,357	1,291,237,106	30.37	1,346,899,549	4.31
BALANCE FORWARD	19,104,253	7,978,962	362,383	-95.46	598,853	65.25
FEDERAL FUND	152,026,682	217,922,853	201,716,423	-7.44	205,724,371	1.99
INTER AGENCY TRANSFER	8,695,249	9,563,285	7,636,620	-20.15	8,432,692	10.42
INTERIM FINANCE	10,801,659	15,297,572				
OTHER FUND	288,920,855	308,514,964	308,433,124	-0.03	323,074,833	4.75
TOTAL-EDUCATION	1,465,750,814	1,549,725,993	1,809,385,656	16.76	1,884,730,298	4.16
Less: INTER AGENCY TRANSFER	8,695,249	9,563,285	7,636,620	-20.15	8,432,692	10.42
NET-EDUCATION	1,457,055,565	1,540,162,708	1,801,749,036	16.98	1,876,297,606	4.14

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

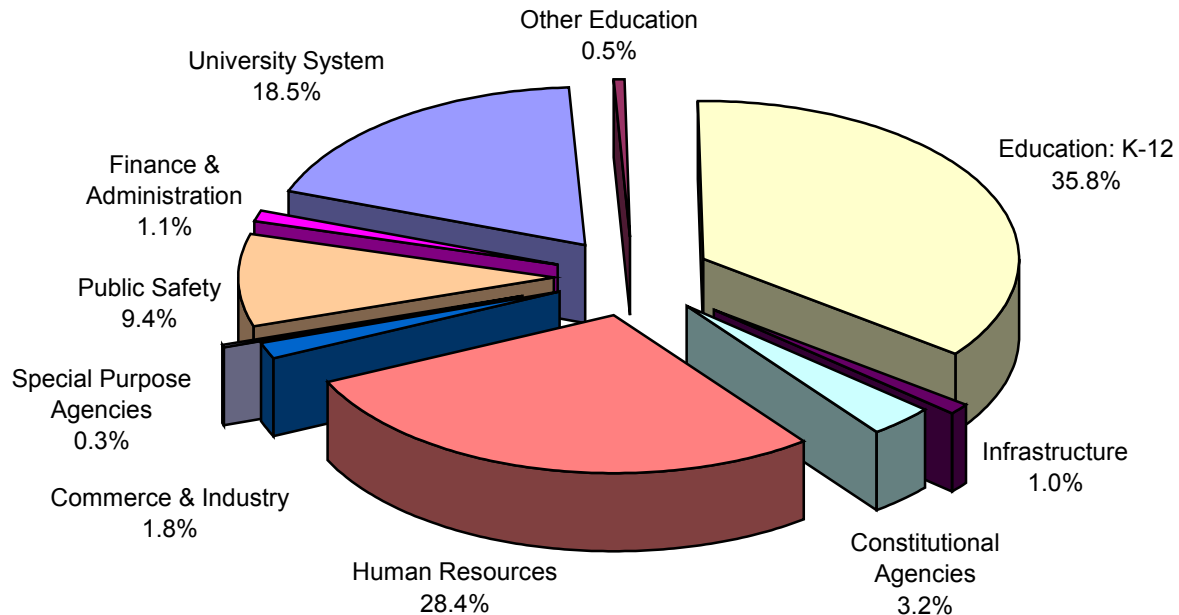
	2001 - 02 Actual	2002 - 03 Work Program	2003 - 04 Governor Recommended	% Change	2004 - 05 Governor Recommended	% Change
HUMAN SERVICES						
GENERAL FUND	488,794,300	542,753,814	654,086,077	20.51	709,987,399	8.55
BALANCE FORWARD	27,980,309	94,958,386	54,804,828	-42.29	49,183,356	-10.26
FEDERAL FUND	771,257,135	875,881,225	950,082,902	8.47	1,005,775,411	5.86
INTER AGENCY TRANSFER	212,133,973	200,098,831	187,996,535	-6.05	198,633,389	5.66
INTERIM FINANCE	901,562	496,343				
OTHER FUND	158,864,031	170,224,654	166,030,183	-2.46	169,318,293	1.98
TOTAL-HUMAN SERVICES	1,659,931,310	1,884,413,253	2,013,000,525	6.82	2,132,897,848	5.96
Less: INTER AGENCY TRANSFER	212,133,973	200,098,831	187,996,535	-6.05	198,633,389	5.66
NET-HUMAN SERVICES	1,447,797,337	1,684,314,422	1,825,003,990	8.35	1,934,264,459	5.99
COMMERCE & INDUSTRY						
GENERAL FUND	38,608,745	39,890,075	43,719,251	9.60	43,576,482	-3.33
BALANCE FORWARD	-614,457	28,251,753	23,904,462	-15.39	28,176,696	17.87
FEDERAL FUND	9,209,154	11,122,712	10,856,360	-2.39	10,831,010	-2.33
HIGHWAY FUND	1,769,398	1,806,299	2,013,052	11.45	2,121,544	5.39
INTER AGENCY TRANSFER	13,792,799	13,610,723	15,622,594	14.78	15,451,808	-1.09
INTERIM FINANCE	3,589	285,392				
OTHER FUND	76,198,091	80,528,009	91,572,052	13.71	90,655,056	-1.00
TOTAL-COMMERCE & INDUSTRY	138,967,319	175,494,963	187,687,771	6.95	190,812,596	1.66
Less: INTER AGENCY TRANSFER	13,792,799	13,610,723	15,622,594	14.78	15,451,808	-1.09
NET-COMMERCE & INDUSTRY	125,174,520	161,884,240	172,065,177	6.29	175,360,788	1.92
PUBLIC SAFETY						
GENERAL FUND	205,626,171	207,387,787	224,146,922	8.08	229,646,595	2.45
BALANCE FORWARD	3,313,580	11,705,159	9,330,678	-20.29	10,357,438	11.00
FEDERAL FUND	17,661,011	26,092,505	15,901,030	-39.06	14,887,481	-6.37
HIGHWAY FUND	77,700,490	94,246,615	115,714,524	22.78	119,529,607	3.30
INTER AGENCY TRANSFER	19,207,408	19,935,878	18,732,828	-6.03	19,012,683	1.49
INTERIM FINANCE	2,002,392					
OTHER FUND	73,034,541	91,146,434	84,768,775	-7.00	87,646,146	3.39
TOTAL-PUBLIC SAFETY	398,545,593	450,514,378	468,594,757	4.01	481,079,950	2.66
Less: INTER AGENCY TRANSFER	19,207,408	19,935,878	18,732,828	-6.03	19,012,683	1.49
NET-PUBLIC SAFETY	379,338,185	430,578,500	449,861,929	4.48	462,067,267	2.71

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 02 Actual	2002 - 03 Work Program	2003 - 04 Governor Recommended	% Change	2004 - 05 Governor Recommended	% Change
INFRASTRUCTURE						
GENERAL FUND	21,040,653	21,615,919	25,128,718	16.25	24,679,084	-1.79
BALANCE FORWARD	-11,314,316	64,860,825	55,981,844	-13.69	67,011,561	19.70
FEDERAL FUND	184,927,538	237,875,667	226,517,054	-4.78	226,438,203	-.03
HIGHWAY FUND	198,542,847	287,739,363	282,970,102	-1.66	278,413,658	-1.61
INTER AGENCY TRANSFER	13,156,268	12,942,400	14,029,397	8.40	14,959,567	6.63
INTERIM FINANCE	866,688	1,509,500				
OTHER FUND	219,288,534	552,661,254	556,688,562	.73	628,428,146	12.89
TOTAL-INFRASTRUCTURE	626,508,212	1,179,204,928	1,161,315,677	-1.52	1,239,930,219	6.77
Less: INTER AGENCY TRANSFER	13,156,268	12,942,400	14,029,397	8.40	14,959,567	6.63
NET-INFRASTRUCTURE	613,351,944	1,166,262,528	1,147,286,280	-1.63	1,224,970,652	6.77
SPECIAL PURPOSE AGENCIES						
GENERAL FUND	4,471,813	6,452,862	6,477,268	.38	6,927,906	6.96
BALANCE FORWARD	7,438,327	12,389,950	4,599,364	-62.88	10,398,464	126.08
FEDERAL FUND	4,412,425	8,138,274	8,829,117	8.49	8,901,005	.81
INTER AGENCY TRANSFER	134,813,130	171,538,206	192,183,194	12.04	216,837,839	12.83
OTHER FUND	37,844,667	38,362,630	47,911,951	24.89	51,549,816	7.59
TOTAL-SPECIAL PURPOSE AGENCIES	188,980,362	236,881,922	260,000,894	9.76	294,615,030	13.31
Less: INTER AGENCY TRANSFER	134,813,130	171,538,206	192,183,194	12.04	216,837,839	12.83
NET-SPECIAL PURPOSE AGENCIES	54,167,232	65,343,716	67,817,700	3.79	77,777,191	14.69
STATEWIDE SUMMARY:						
GENERAL FUND	1,815,672,130	1,926,420,368	2,348,194,839	21.89	2,461,514,031	4.83
BALANCE FORWARD	61,421,057	318,393,191	201,081,163	-36.85	207,230,814	3.06
FEDERAL FUND	1,146,345,190	1,385,295,040	1,425,875,362	2.93	1,479,341,565	3.75
HIGHWAY FUND	278,443,525	399,100,164	405,277,543	1.55	402,311,634	-.73
INTER AGENCY TRANSFER	603,320,431	642,280,353	664,081,661	3.39	702,555,407	5.79
INTERIM FINANCE	14,825,404	17,588,807				
OTHER FUND	1,077,023,405	1,463,028,783	1,489,627,728	1.82	1,595,978,810	7.14
TOTAL STATEWIDE	4,997,051,142	6,152,106,706	6,534,138,296	6.21	6,848,932,261	4.82
Less: INTER AGENCY TRANSFER	603,320,431	642,280,353	664,081,661	3.39	702,555,407	5.79
NET STATEWIDE	4,393,730,711	5,509,826,353	5,870,056,635	6.54	6,146,376,854	4.71

NEVADA GENERAL FUND APPROPRIATIONS

GOVERNOR RECOMMENDS, 2003-05 BIENNIUM



GOVERNOR RECOMMENDS - 2003-05 BIENNIUM

	<u>2003-05 BIENNIUM</u>	<u>% of TOTAL</u>
CONSTITUTIONAL AGENCIES	\$ 152,255,239	3.2%
FINANCE & ADMINISTRATION	\$ 50,941,274	1.1%
EDUCATION:		
UNIVERSITY SYSTEM	\$ 890,735,831	18.5%
KINDERGARTEN TO 12TH GRADE	\$ 1,721,533,598	35.8%
OTHER EDUCATION ¹	\$ 25,867,226	0.5%
SUBTOTAL EDUCATION	\$ 2,638,136,655	54.9%
HUMAN SERVICES	\$ 1,364,073,476	28.4%
COMMERCE & INDUSTRY	\$ 87,295,733	1.8%
PUBLIC SAFETY	\$ 453,793,517	9.4%
INFRASTRUCTURE	\$ 49,807,802	1.0%
SPECIAL PURPOSE AGENCIES	\$ 13,405,174	0.3%
TOTAL	\$ 4,809,708,870	100.0%

¹ Other Education includes Commission on Postsecondary Education, WICHE, and Department of Cultural Affairs

**GENERAL FUND SUPPLEMENTAL APPROPRIATIONS
GOVERNOR RECOMMENDS - 2003 LEGISLATURE
2003-2005 BIENNIUM**

DEPARTMENT/ DIVISION	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2003	FY 2004	FY 2005
LEGISLATIVE/JUDICIAL				
Supreme Court	Funds court assessment collections deficit	\$500,748		
EDUCATION				
Department of Education	Funds anticipated revenue shortfall (e.g., in-state and out-of-state local school support taxes) in the Distributive School Account	\$71,750,340		
WICHE	Funds position reclassification	\$3,800		
HUMAN SERVICES				
Department of Human Resources	Funds anticipated Health Division maintenance of effort requirement for the Substance Abuse Prevention and Treatment Block Grant	\$38,915		
Department of Human Resources	Funds anticipated shortfall in the Nevada Check-Up budget	\$510,155		
Department of Human Resources	Funds Division of Welfare expenditures for the Electronic Benefits Transfer Program	\$132,437		
Department of Human Resources	Funds State-share of Division of Welfare caseload requirements and cost allocation	\$2,761,305		
Department of Human Resources	Funds State-share of Medicaid caseload requirements and county-match requirements	\$7,313,621		
Department of Human Resources	Funds anticipated revenue shortfall, expenditures for psychiatric services, and expenditures for clinical hours at the Rural Clinics	\$614,729		
COMMERCE AND INDUSTRY				
Department of Business and Industry	Funds Consumer Affairs Division outstanding vendor billings from FY 2002	\$9,238		
Department of Agriculture	Funds Predatory Animal and Rodent Control frozen merit requirements	\$30,648		
INFRASTRUCTURE				
Department of Conservation and Natural Resources	Funds Conservation Districts' anticipated employee and retiree benefit costs	\$3,485		
TOTAL GENERAL FUND SUPPLEMENTAL APPROPRIATIONS		\$83,669,421		

¹ NOTE: "PURPOSE" comments replicate descriptions provided in The Executive Budget, INTRO-18.

**HIGHWAY FUND SUPPLEMENTAL APPROPRIATIONS
GOVERNOR RECOMMENDS - 2003 LEGISLATURE
2003-2005 BIENNIUM**

DEPARTMENT/ DIVISION	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2003	FY 2004	FY 2005
Department of Motor Vehicles	Funds upgrade and expansion of toll-free telephone system	\$667,590		
Department of Motor Vehicles	Funds payment for disk storage space	\$308,400		
Department of Motor Vehicles	Funds anticipated Hearings Division shortfall salaries and revenue	\$44,200		
Department of Motor Vehicles	Funds Division of Field Services payment associated with Qmatic warranties	\$30,419		
Department of Motor Vehicles	Funds anticipated Field Services Division shortfall in non-State owned building rent	\$66,000		
Department of Motor Vehicles	Funds Compliance Enforcement Division payment for fingerprinting services	\$49,096		
Department of Motor Vehicles	Funds Management Services Division payment for security guards	\$125,925		
TOTAL HIGHWAY FUND SUPPLEMENTAL APPROPRIATIONS		\$1,291,630		

¹ NOTE: "PURPOSE" comments replicate descriptions provided in The Executive Budget, INTRO-18.

**GENERAL FUND APPROPRIATIONS TO RESTORE FUND BALANCES
GOVERNOR RECOMMENDS - 2003 LEGISLATURE
2003-2005 BIENNIUM**

FUND	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2003	FY 2004	FY 2005
Fund to Stabilize the Operation of State Government	FY 2003 is partial repayment of \$100,000,000 withdrawal and FY 2005 is the final repayment to restore fund balance to \$136,340,970.	\$50,000,000		\$50,000,000
State Claims Fund	Restores fund balance to \$2,500,000	\$2,500,000		
Emergency Fund	Restores fund balance to \$400,000	\$400,000		
Interim Finance Contingency Fund	Restores and increases fund balance to \$12,056,532	\$8,092,456		
Statutory Contingency Fund	Restores fund balance to \$3,000,000	\$3,000,000		
TOTAL GENERAL FUND APPROPRIATIONS TO RESTORE FUND BALANCES		\$63,992,456		\$50,000,000

¹ NOTE: "PURPOSE" comments provided by the Budget Office of the Department of Administration.

**HIGHWAY FUND APPROPRIATIONS TO RESTORE FUND BALANCES
GOVERNOR RECOMMENDS - 2003 LEGISLATURE
2003-2005 BIENNIUM**

FUND	PURPOSE ¹	EXECUTIVE BUDGET		
		FY 2003	FY 2004	FY 2005
Interim Finance Contingency Fund	Restores fund balance to \$2,001,576	\$1,889,536		
TOTAL HIGHWAY FUND APPROPRIATIONS TO RESTORE FUND BALANCES		\$1,889,536		

¹ NOTE: "PURPOSE" comments provided by the Budget Office of the Department of Administration.

CAPITAL IMPROVEMENT PROGRAM

The Governor has recommended a Capital Improvement Program (CIP) for the 2003-05 biennium in the amount of \$241,644,634. The 2003 program compares to programs of \$293,689,091 approved by the 2001 Legislature, \$230,824,488 approved by the 1999 Legislature, and \$316,130,678 approved by the 1997 Legislature. The Governor recommends supporting the costs of the 2003 program through the issuance of \$132,053,844 in new General Obligation Bonds and the reallocation of \$37,994,051 in unused General Obligation Bond proceeds or unused authority to issue bonds from the 1999 and 2001 CIP programs. The Governor's recommended program also includes \$25,500,000 in funds provided by the University and Community College System of Nevada (UCCSN), \$22,842,662 in state agency funds, \$17,448,077 in Highway Funds, and \$806,000 in federal funds. Additionally, the Governor recommends funding UCCSN maintenance projects with \$5 million from the Special Higher Education Capital Construction Fund.

The following table provides state funding, other funding, and total funding, with the percentage of each funding source that is recommended to be received by each state agency in the Governor's recommended 2003 Capital Improvement Program:

Agency	Bond Funding	% of Bond Funding	Other Funding	% of Other Funding	Total Funding	% of Total Funding
Univ. & Community College System	\$71,954,055	42.31%	\$30,500,000	42.60%	\$102,454,055	42.40%
Dept. of Human Resources	\$59,067,608	34.74%	\$0	0.00%	\$59,067,608	24.44%
Dept. of Conservation & Natural Resources	\$3,873,855	2.28%	\$14,500,000	20.25%	\$18,373,855	7.60%
Dept. of Administration	\$17,200,394	10.12%	\$520,000	0.73%	\$17,720,394	7.33%
Dept. of Motor Vehicles	\$0	0.00%	\$16,864,772	23.56%	\$16,864,772	6.98%
Dept. of Public Safety	\$7,071,365	4.16%	\$563,305	0.79%	\$7,634,670	3.16%
Dept. of Information Technology	\$0	0.00%	\$6,736,639	9.41%	\$6,736,639	2.79%
Nevada Dept. of Corrections	\$6,400,565	3.76%	\$0	0.00%	\$6,400,565	2.65%
Dept. of Cultural Affairs	\$3,329,332	1.96%	\$0	0.00%	\$3,329,332	1.38%
Department of Agriculture	\$304,658	0.18%	\$1,106,023	1.54%	\$1,410,681	0.58%
Dept. of the Military	\$447,129	0.26%	\$806,000	1.13%	\$1,253,129	0.52%
Office of the Attorney General	\$348,934	0.21%	\$0	0.00%	\$348,934	0.14%
Office of Veterans' Services	\$50,000	0.03%	\$0	0.00%	\$50,000	0.02%
TOTAL ALL PROJECTS	\$170,047,895	100.00%	\$71,596,739	100.00%	\$241,644,634	100.00%

The Governor recommends increasing the property tax rate for debt service from \$0.15 per \$100 of assessed valuation to \$0.16 per \$100 of assessed valuation for each year of the 2003-05 biennium. If additional funding were required, it would be taken from the bond interest and redemption account reserve. According to information contained in the Governor's recommended 2003 CIP program and the State Treasurer's Debt Capacity Report for the

2003-05 biennium, the need for increasing the tax rate for debt service is predicated upon the issuance of bonds according to the following schedule:

FY 2003-04

Capital Improvement Bonds	\$ 35,000,000
Tahoe Environmental Improvement Bonds	\$ 6,000,000
Water Systems Bonds (NRS 349.981)	\$ 6,000,000
Cultural Affairs Bonds (NRS 233C.225)	\$ 2,000,000
Total	\$ 49,000,000

FY 2004-05

Capital Improvement Bonds	\$ 55,050,000
Tahoe Environmental Improvement Bonds	\$ 6,500,000
Water Systems Bonds (NRS 349.981)	\$ 6,000,000
Cultural Affairs Bonds (NRS 233C.225)	\$ 2,000,000
Total	\$69,550,000

FY 2005-06

Capital Improvement Bonds	\$ 77,246,992
Tahoe Environmental Improvement Bonds	\$ 9,000,000
Water Systems Bonds (NRS 349.981)	\$ 5,000,000
Cultural Affairs Bonds (NRS 233C.225)	\$ 2,000,000
Total	\$ 93,246,992

The Office of the State Treasurer computes the bonding capacity as of June 30, 2002, as follows:

State's Estimated Assessed Valuation	\$58,615,825,677
Multiplied by the 2 Percent Constitutional Limit	\$1,172,316,514
Minus the Bonds Outstanding	(\$709,425,000)
Minus the University System Bonds, Including Pavilion Bonds	(\$79,300,000)
Equals the State's Unused Bonding Capacity	\$383,591,514

The following pages present the Governor's recommended CIP program for the 2003-05 biennium.

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2003-05 BIENNIUM**

Project Number	Agency	Location	Project Title	Bond Funding	Other Funding	Other Funding Source	Remarks
CONSTRUCTION PROJECTS							
03-C1	MHDS	Las Vegas	150-bed Psychiatric Hospital at SNAMHS	\$32,238,633			Land acquisition costs for Federal School Land Trust Payment (\$7.9 million) included. Located on the current SNAMHS campus. FF&E deferred.
03-C2	UCCSN	Reno	TMCC Dandini Campus Fire Flow Pump Station Upgrade	\$879,193			1,500 gallon pump station with emergency backup. Necessary to allow TMCC to use the new Student Development Center Addition (CIP 01-C22)
03-C3	UCCSN	Reno	Furnishings, Equipment, and Buildout of TMCC Hi-Tech Center at the Redfield Campus	\$1,646,116			Continuation of CIP 99-C37L.
03-C4	UCCSN	N. Las Vegas	Furnishings and Equipment for the CCSN Cheyenne Campus Telecommunications Building	\$4,000,000			Continuation of CIP 01-C29L.
03-C6	Emergency Management	Carson City	New State Emergency Operations Center	\$7,071,365			29,000 square foot facility located at new National Guard Headquarters Site.
03-C7	Buildings & Grounds	Carson City	Phase II of the Remodel of Building #17 at the Stewart Facility	\$2,760,307			Continuation of CIP 01-C11. The 2001 Legislature approved funding to complete the remodel of the first floor. This project would complete the first floor and remodel all of the second floor.
03-C8	NHP	Las Vegas	Expand Shop and Communications Facilities at New Headquarters Building		\$563,305	Highway Fund	This will complete CIP 99-H1.
03-C9	DMV	N. Las Vegas	New DMV Field Services Office		\$9,425,385	Highway Fund	23,000 square feet. Includes Commercial Driver's License Test Course and training classroom. Replaces Carey facility. Lease expires 12/26/05.
03-C10	DoIT	Carson City	Addition to and Renovation of State Computer Facility		\$5,167,283	Agency Funds	14,400 square foot renovation and addition totaling 11,150 square feet.
03-C11	DoIT	Various	Microwave Renovations on Mountain Top Communications Facilities		\$990,134	Agency Funds	Renovate facilities at Virginia Peak, Montezuma Peak, TV Hill, and Pinenut Peak. Includes equipment shelters, generators, and tower improvements.
03-C12	Division of Wildlife	Various	Phase II of Fish Hatchery Refurbishment Project		\$14,500,000	Bonds Repaid by NDOW	Continuation of CIP 01-C27 (Phase I). Includes Lake Mead, Gallagher and Mason Valley facilities.
03-C13	DoIT	Carson City	Extend State's Communications Backbone to the Stewart Complex		\$507,280	Agency Funds	Combination of fiber and microwave improvements
03-C15	DMV	Reno	Advance Planning and Land Acquisition for New DMV Office in South Reno		\$5,840,523	Highway Fund	Full service office. Will be designed by SPWB staff based on Henderson DMV prototype. Express offices in Reno and Sparks would be closed.
03-C16	Division of Forestry	Carson City	Rehabilitate Western Region Headquarters	\$604,709			Includes upgraded flooring, HVAC systems, paint booth, conference room, and several offices.
03-C17	DCFS	Caliente	New Metal Building for Recreational Use at Caliente Youth Center	\$487,154			3,000 square feet. Replaces existing mobile home. Recreational equipment will be provided by the agency.
03-C18	Agriculture	Sparks	Petroleum Laboratory Addition		\$1,106,023	DMV Pollution Control	Continuation of CIP 99-S4FL. 3,400 square foot addition to Sparks Weights and Measures Facility.

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2003-05 BIENNIUM**

Project Number	Agency	Location	Project Title	Bond Funding	Other Funding	Other Funding Source	Remarks
03-C19	Nevada State Museum	Carson City	Improve ADA Access at Nevada State Museum	\$287,885			Project will include a new entrance and a wheel chair lift.
03-C21	UCCSN	Las Vegas	Construction of Health Sciences Building on West Charleston Campus of CCSN	\$19,807,537	\$500,000	University Funds	Continuation of CIP 01-C21L. 84,000 square feet. FF&E deferred until 2005 session.
03-C22	DMV	Las Vegas	West Flamingo DMV Intersection Payment		\$33,996	Highway Fund	Payment to Clark County for intersection improvements based on contributing traffic flows. Agreement signed as part of CIP 91-C7A.
03-C23	UCCSN	Las Vegas	UNLV Science Engineering and Technology Complex Construction	\$35,488,232	\$25,000,000	University Funds	Continuation of CIP 01-C15. Funding for wiring, furnishings and scientific equipment deferred. 190,000 gross square feet.
03-C50	Buildings & Grounds	Carson City	Lease Purchase State Office Building for the Department of Conservation and Natural Resources	\$3,100,000			120,000 square foot building in the Capitol Complex. Actual construction costs are estimated to be \$16,560,000
03-C51	Buildings & Grounds	Carson City	Lease Purchase State Office Building for the Department of Human Resources	\$10,600,000			120,000 square foot building in the Capitol Complex. Actual construction costs are estimated to be \$16,560,000
03-C52	Cultural Affairs	Virginia City	New Office for Comstock Historic District Commission	\$701,273			4,000 square foot facility. Additional space for the Commission and its collections and exhibit space for Engine #27.
CONSTRUCTION PROJECTS TOTAL				\$119,672,404	\$63,633,929		
MAINTENANCE PROJECTS							
03-M1	B&G	Las Vegas	Repair Exterior Tile at the Grant Sawyer State Office Building	\$316,346			Survey, test and repair tile. Tiles have been breaking loose and falling from the building.
03-M2	B&G	Las Vegas	Repair Exterior Sidewalks at the Grant Sawyer State Office Building	\$67,687			Continuation of CIP 01-M4.
03-M3	B&G	Carson City	Upgrade Electrical Power Distribution System on West Side of Stewart Facility	\$511,364			Mitigates PCB's.
03-M4	B&G	Carson City	Seismic Strengthening of the Capitol Annex	\$443,236			Continuation of CIP 01-C10.
03-M6	SNAMHS	Las Vegas	Provide Secure Egress Area in Building #3A	\$58,622			Enclose the existing southern exterior patio with a secure fencing system and cover.
03-M7	NNAMHS	Sparks	Install Scan Alarm System in Dini-Townsend Psychiatric Hospital	\$402,364			SPWB indicates that there was not sufficient funding for the alarm system in the original budget for this project (CIP 99-C21)
03-M8	Desert Regional Center	Las Vegas	Upgrade Electric Strike Door-Release System in 10 Buildings	\$192,443			Buildings #1300, 1301, 1302, 1303, 1304, 1306, 1307, 1308, 1309, and 1310.
03-M9	Desert Regional Center	Las Vegas	Install Electronic Key-Card Security Door Locking Systems in 13 Buildings	\$515,703			96 Doors
03-M10	Desert Regional Center	Las Vegas	Rehabilitate and Replace Emergency Power Generators	\$196,909			Replace four generators and rehabilitate one generator. Relocate generator in Building #1300 mechanical room.
03-M11	NYTC	Elko	Install Fire Sprinklers in the Multi-Purpose Building	\$84,458			Continuation of CIP 99-M22.

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2003-05 BIENNIUM**

Project Number	Agency	Location	Project Title	Bond Funding	Other Funding	Other Funding Source	Remarks
03-M12	Nevada State Museum	Las Vegas	Deferred Maintenance Projects	\$156,480			Heat and smoke detectors, fire alarm lights, fire suppression equipment on paint spray booth and replace exterior lighting and carpet
03-M13	Ely Railroad Museum	Ely	Replace Wooden Walkways	\$131,292			Replace walkway and dock attached to the Freight Barn with planking. Addresses ADA concerns.
03-M14	Nevada State Museum	Carson City	Replace Existing Asbestos Flooring	\$502,882			Work will be conducted in phases to allow the museum to remain open during construction
03-M16	WSCC	Carson City	Install Two Perimeter Monitoring Cameras	\$56,778			Improve security at northwest corner of facility
03-M17	NNCC	Carson City	Renovate Windows and Showers	\$1,167,109			Improvements have been included in past CIP's but have not been completed due to budget reductions
03-M18	HDSP	Indian Springs	Exercise Area Security Improvements	\$77,154			Divide exercise areas for 8 housing units.
03-M19	SDCC	Indian Springs	Relocate Water Lines Away from Transformers	\$57,182			Units 2, 3 and 6
03-M20	HCC & CCC	Winnemucca & Carlin	Groundwater Protection Projects	\$1,107,981			Dentrification treatment plant at HCC and 2 new monitoring wells at CCC per Nevada Division of Environmental Protection requirements
03-M21	B&G	Carson City	HVAC System Upgrades for the Capitol Building and the Capitol Building Annex	\$560,506			Replace existing chillers and cooling tower
03-M22	B&G	Carson City	HVAC System Upgrades at the State Printing Facility	\$667,902			Replace main air handler, chiller, and controls.
03-M23	B&G	Carson City	Repairs to Stucco at Library and Archives Building	\$47,444			Crack sealing and painting.
03-M24	Division of Forestry	Jean	Replace Floor at Jean Conservation Camp	\$16,694			Administrative building; Vinyl flooring
03-M26	DCFS	Caliente	Renovate Swimming Pool at the Caliente Youth Center	\$308,389			Flatwork, Pool Surface, Mechanical and Electrical
03-M27	DCFS	Caliente	Renovate Heating Systems in Cottages at Caliente Youth Center	\$558,832			Seven Cottages
03-M27A	DCFS	Caliente	Replace Hot Water Tanks in Cottages at Caliente Youth Center	\$321,932			Seven Cottages
03-M28	DCFS	Caliente	Renovate Heating and Cooling Systems for Gymnasium at Caliente Youth Center	\$445,427			Includes Multi-Purpose Room for which funding was provided in CIP 01-M14
03-M30	SNAMHS	Las Vegas	Paint Buildings 1, 2, 3, 3A and 6 at SNAMHS	\$388,908			Patch, repair and paint
03-M31	NNAMHS	Sparks	HVAC & Plumbing System Upgrades for Building #10	\$168,906			Central Kitchen facility
03-M32	DMV	Las Vegas	Install New Counters at East Sahara DMV Office		\$1,125,451	Highway Fund	1995 Legislature approved funding for counter replacement as part of CIP 95-H3
03-M33	Nevada State Museum	Carson City	HVAC System Upgrades	\$333,918			Replace heating and air conditioning units serving the north wing of the museum
03-M34	LCC	Lovelock	Install Water Softeners at Six Housing Units and the Culinary at LCC	\$652,280			To minimize mineral deposits on plumbing fixtures and evaporative coolers.
03-M35	HDSP	Indian Springs	Install Heat Exchanger on Cooling System	\$280,376			Needed to reduce cycling and energy consumption
03-M36	SDCC	Indian Springs	Renovate Cooling Towers at SDCC	\$402,527			Replace one tower and heat exchanger and renovate other tower; Add water treatment system.
03-M37	SDCC	Indian Springs	Repair Condensate Return System at SDCC	\$1,151,819			Replace two condensate return pumps and steam supply lines; Rebuild boiler.

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2003-05 BIENNIUM**

Project Number	Agency	Location	Project Title	Bond Funding	Other Funding	Other Funding Source	Remarks
03-M38	SDCC	Indian Springs	Upgrade Pedestrian Entrance Area at SDCC	\$61,662			Funded by 2001 Legislature but not completed (01-M38) Was previously funded at \$53,727
03-M39	HCC & WCC	Winnemucca & Wells	Install Load Banks on Generators at HCC and WCC	\$198,581			Generators installed as part of CIP 99-M12.
03-M40	PCC	Pioche	Repair Culinary Loading Dock at PCC	\$92,552			Repair or replace the loading dock and eliminate separation from building
03-M41	AG	Carson City	Parking Lot Expansion	\$348,934			Demolish Old Firehouse and replace with parking lot
03-M42	B&G	Carson City	Heating System Upgrades at Stewart Buildings #12 and #13	\$485,601			Existing system leaks
03-M43	DCFS	Caliente	Demolish and Rebuild Storage Room in the Old Academic Building at Caliente Youth Center	\$66,029			500 square feet
03-M44	DCFS	Caliente	Replace Carpet in Cottages at Caliente Youth Center	\$256,609			30,200 square feet
03-M45	DCFS	Caliente	Replace Old School Carpet at Caliente Youth Center	\$102,851			11,800 square feet
03-M46	DoIT	Carson City	Building Security Enhancements at all DoIT Facilities		\$71,942	Agency Funds	Install card swipe entrance system at Kinkead Building, Curry Street, Moundhouse and Computer facility locations
03-M47	Nevada State Museum	Reno	Upgrade Temperature Controls, Valves and Ventilation Boxes at the Nevada State Museum and Historical Society Building	\$275,170			Current controls are outdated.
03-M48	NSP	Carson City	Construct Weather Enclosure Over Housing Unit 10 Gun Post at NSP	\$178,625			Guard shack to monitor inmate activity in Unit 12 exercise area.
03-M49	NSP	Carson City	Replace Existing Cell Doors in Housing Units at NSP	\$121,003			New doors and jams.
03-M50	B&G	Carson City	Heating System Upgrades at Stewart Buildings #6 and #107	\$153,958			Addition of back-up boilers.
03-M51	B&G	Carson City	Upgrade Temperature Control System in Buildings #6 and #107 at Stewart Facility	\$153,958			Current systems outdated
03-M52	Division of Forestry	Pioche	Expand Shop at Pioche Conservation Camp	\$152,452			Funded by 2001 Legislature but not completed (CIP 01-M9)
03-M53	DMV	Las Vegas	Construct a Commercial Driver's License Course at North Las Vegas Field Office		\$439,417	Highway Fund	Located at new facility requested in CIP 03-C9
03-M54	DCFS	Caliente	Replace Kitchenettes & Appliances - CYC	\$220,384			Replace kitchen cabinets and appliances with heavy duty grade cabinets and appliances
03-M55	MHDS	Las Vegas	Upgrade Air Handlers Admin Building - SNAMHS	\$671,636			Administration Building
03-M56	MHDS	Las Vegas	Replace Carpet and Tile - SNAMHS	\$508,098			Replace interior tile and carpet in various buildings; 86,100 SF
03-M57	MHDS	Las Vegas	Remodel Bathrooms - SNAMHS	\$736,160			Buildings 1, 2, 3 and 3A; Approximately 50 bathrooms and shower room facilities
03-M58	MHDS	Sparks	HVAC System Upgrades - NNAMHS	\$880,863			NNAMHS Building 9 - Adolescent Services
03-M59	MHDS	Sparks	HVAC System Upgrades - NNAMHS	\$880,863			NNAMHS Building 4 - Outpatient Services

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2003-05 BIENNIUM**

Project Number	Agency	Location	Project Title	Bond Funding	Other Funding	Other Funding Source	Remarks
03-M60	MHDS	Sparks	Building 3 and 4 Renovations - NNAMHS	\$2,608,163			Outpatient services buildings - 34,669 GSF; windows, flooring, ceilings, restrooms included
03-M61	MHDS	Sparks	HVAC Upgrades - NNAMHS	\$425,843			Administration Building - Building 1 - First Floor
03-M62	MHDS	Sparks	HVAC Upgrades - NNAMHS	\$401,824			Administration Building - Building 1 - Front/West Wing
03-M63	MHDS	Sparks	Renovate Central Kitchen - NNAMHS	\$792,971			Upgrade interior finishes, equipment, evaluate elevator, plus other misc. items
03-M64	MHDS	Sparks	Remodel Kitchen, Replace Equipment, Upgrade Floor and Add An ADA Bathroom at Lakes Crossing	\$803,318			Kitchen remodel to meet health and sanitation codes; planter removed for safety concerns
03-M65	MHDS	Las Vegas	Hot Water System Rehabilitation in Residences - DRC	\$306,241			Replace domestic hot water loop, replace and add hot water tanks and replace mixing valves
03-M66	MHDS	Las Vegas	Rehab Food Services Facility, Building 4 - DRC	\$1,178,205			HVAC, Electrical, Plumbing, Kitchen Equipment, ADA Upgrades and site improvements
03-M67	Cultural Affairs	Carson City	Repair Exterior of Nevada State Museum	\$653,475			Repair windows, gutters, sandstone and composition shingle roof; painting included
03-M68	Cultural Affairs	Overton	Remove Asbestos and Replace Flooring - Lost City Museum	\$239,513			Lost City Museum and Residence - 12,000 SF; Exhibit packaging and case repairs included
03-M69	NSP	Carson City	Relocate Execution-Last Night Cell - NSP	\$236,893			Remodel of existing mattress factory warehouse to include the execution chamber, three witness rooms, ADA access and a last night cell - 2,100 GSF
03-M70	ESP	Ely	Repair and Upgrade Exercise Areas Units 1-8 - ESP	\$245,904			Rebuild the existing concrete floor slab exercise areas, install all weather drinking fountains, replace security lens and install a steel mesh screen cover over the exposed top of the exercise area; Funded by 2001 Legislature but not completed (01-M30)
03-M71	LCC	Lovelock	Lovelock Correctional Center Culinary Repairs	\$312,139			Replace existing tile flooring in bakery and repair floor in walk-in cooler
03-M72	MHDS	Sparks	Shop Building and Motor Pool Facility - NNAMHS	\$342,213			Demo Quonset Hut and construct 1,400 GSF shop; ADA remodel of existing restroom; Fenced equipment yard
03-M73	MHDS	Sparks	Construct Maintenance Shop and Isolation Room at Lakes Crossing	\$572,640			Construction of a maintenance shop (with storage space) and an isolation room for clients with infectious diseases (required for facility to upgrade license to a psychiatric hospital)
03-M74	MHDS	Las Vegas	Construct Patios at SNAMHS	\$67,948			Buildings 3 and 3A; Existing patio enclosures contain unfinished areas that are unsafe walking surfaces
03-M75	MHDS	Las Vegas	Network Campus Buildings, Trench and Conduit - DRC	\$115,917			Supports computer systems, cable television, closed circuit television
MAINTENANCE PROJECTS TOTAL				\$28,201,046	\$1,636,810		
ADVANCE PLANNING PROJECTS							
03-P1	B&G	Carson City	Structural Evaluation of Kinkead Building	\$65,323			Address the sloping floors
03-P2	SPWB	Las Vegas	Facility Use Study for Campos Building	\$35,000			Document needs of Division of Parole and Probation and develop alternatives to meet needs

**GOVERNOR'S RECOMMENDED CIP PROGRAM
FOR THE 2003-05 BIENNIUM**

Project Number	Agency	Location	Project Title	Bond Funding	Other Funding	Other Funding Source	Remarks
03-P3	Agriculture	Reno/Sparks	New Office Building	\$304,658			Through schematic design
03-P4	SNAMHS	Las Vegas	Feasibility Study for a 50-bed Forensic Facility	\$160,152			Planning for an extensive remodel of Building #3 on SNAMHS campus
03-P5	Military	Henderson	Readiness Center for Nevada National Guard	\$447,129	\$806,000	Federal Funds	76,000 square feet. Through construction documents; Advance planning funded by 2001 Legislature (01-C6), but state match was reverted
03-P5.5	Veterans' Services	Northern Nevada	Feasibility Study for Northern Nevada Veterans' Nursing Home	\$50,000			
03-P5.6	GBC	Elko	Design Electrical and Industrial Technology Building	\$132,977			Through schematic design; 35,000 square feet
ADVANCE PLANNING PROJECTS TOTAL				\$1,195,239	\$806,000		
STATEWIDE PROJECTS							
03-S1	SPWB	Statewide	Statewide Roofing Program	\$3,495,670	\$20,000	Highway Fund	Includes project to replace roof at Henderson NHP location. Projects for Motor Pool (\$9,000) and Purchasing (\$130,000) are funded with bond funds.
03-S2	SPWB	Statewide	Statewide ADA Program	\$1,118,644			Detailed information regarding the cost of particular projects not provided.
03-S3	SPWB	Statewide	Statewide Fire Sprinkler Program	\$3,520,787			Projects include emergency exit signs, egress lighting, and detection systems. Some of the larger projects include CYC (\$392,763) and NDOC statewide (\$749,333)
03-S4	SPWB	Statewide	Statewide Advance Planning Program	\$303,750			Includes funding for phase II of the Capitol Complex Master Plan (\$80,000) and a Master Plan for the Stewart Complex (\$40,000)
03-S5	SPWB	Statewide	Statewide Paving Program	\$2,000,000			Project cost estimate includes list totaling approximately \$5.5 million
03-S6	SPWB	Statewide	Statewide Asbestos, Lead, Mold, IAQ Program	\$264,085	\$500,000	Transfer from Risk Mngmnt	Provides \$300,000, plus inflation and contingency for funding unanticipated mold and indoor air quality projects
03-S7	SPWB	Statewide	Statewide UST, Soil Remed., Env. Program	\$276,270			Identified projects include Stewart (\$30,000) and ESP (\$40,000)
03-S8	SPWB	Statewide	Statewide Energy Retrofit	\$0			No Funds Requested
STATEWIDE PROJECTS TOTAL				\$10,979,206	\$520,000		
UNIVERSITY PROJECTS							
01-U1	UCCSN	Various	Campus Improvements	\$10,000,000			Higher Education Capital Construction (HECC)
01-U2	UCCSN	Various	Campus Improvements		\$5,000,000		Special Higher Education Capital Construction (SHECC)
CAMPUS IMPROVEMENT PROJECTS TOTAL				\$10,000,000	\$5,000,000		
TOTAL ALL PROJECTS				\$170,047,895	\$71,596,739		

GRAND TOTAL ALL FUNDS \$241,644,634

POSITION SUMMARY

The following table displays the existing and new positions recommended in The Executive Budget for the 2003-05 biennium. The FY 2002-03 (work program year) is displayed to provide a perspective of the total number of positions in the current fiscal year compared to the total number of positions approved by the 2001 Legislature for FY 2002-03. A comparison can then be made to the total number of existing and new positions recommended by the Governor for the 2003-05 biennium. The total number of positions for the University and Community College System of Nevada (UCCSN) are detailed separately and are included in the grand totals.

Over the 2001-03 biennium, the number of positions, excluding UCCSN, increased from 16,098.79 as approved by the 2001 Legislature to 16,256.35, an increase of 157.56 positions. The Governor's recommended budget reduces the number of positions from the FY 2002-03 work program of 16,256.35 to 15,849.01 in FY 2003-04 and 15,782.95 in FY 2004-05, a net decrease of 473.40 existing positions.

For FY 2003-04, excluding UCCSN, the Governor has recommended a total of 16,752.38 positions, including 903.37 new positions. Of the new positions recommended, 481.74 (53 percent of the total) are being added to the Human Services functional area primarily to support caseload growth within the Divisions of Mental Health, Welfare, and Child and Family Services. In addition, 259.51 of the new positions (29 percent of the total) are being added to the Public Safety functional area primarily to support the expansion of field offices for the Department of Motor Vehicles. The Governor's recommendation provides for a net increase of 496.03 positions when compared to the FY 2002-03 work program year, and a net increase of 653.59 when compared to the total number of positions approved by the 2001 Legislature for the same period.

For FY 2004-05, excluding UCCSN, the Governor has recommended an additional 126.02 positions, for a total of 16,878.40 positions. For the 2003-05 biennium, the Governor has recommended a total of 622.05 additional positions when compared to the FY 2002-03 work program year and an increase of 779.61 when compared to the total number of positions approved by the 2001 Legislature for the same period.

The Governor's recommended budget reflects an increase of 3.94 positions for UCCSN for the 2003-05 biennium when compared to the FY 2002-03 work program year. However, The Executive Budget recommends significant increases in formula funding that have not been translated into position counts. New UCCSN position counts for the 2003-05 biennium will be calculated during the legislative budget closing process.

For the 2003-05 biennium, the total number of positions recommended by the Governor, including UCCSN, increases by 625.99 positions when compared to the FY 2002-03 work program year, and 1,127.57 positions when compared to the total number of positions approved by the 2001 Legislature for the same period.

**Nevada Legislative Counsel Bureau
Governor Recommends Position Count
(Full-Time Equivalency Count)**

	FY 2002-03 Legislature Approved	FY 2002-03 Work Program ^a .	Governor Recommends FY 2003-04			Governor Recommends FY 2004-05		
			Existing	New	Total ^b .	Existing	New	Total ^b .
Government Function								
Constitutional Agencies	994.70	1,016.21	1,007.47	11.01	1,018.48	1,005.47	12.01	1,017.48
Finance & Administration	886.54	886.03	847.52	13.00	860.52	847.52	13.00	860.52
Education	292.81	303.57	292.18	2.00	294.18	292.18	2.00	294.18
Human Services	4,724.02	4,868.98	4,702.64	481.74	5,184.38	4,645.58	663.82	5,309.40
Commerce & Industry	1,278.27	1,296.73	1,243.44	51.11	1,294.55	1,243.44	52.11	1,295.55
Public Safety	4,902.56	4,909.96	4,709.40	259.51	4,968.91	4,704.40	267.51	4,971.91
Infrastructure	2,617.36	2,568.36	2,642.85	73.00	2,715.85	2,640.85	73.00	2,713.85
Special Purpose Agencies	402.53	406.51	403.51	12.00	415.51	403.51	12.00	415.51
Sub-Total	16,098.79	16,256.35	15,849.01	903.37	16,752.38	15,782.95	1,095.45	16,878.40
University and Community College System								
Professional	3,751.00	3,999.37			4,003.37			4,003.37
Classified	2,218.00	2,313.65			2,313.59			2,313.59
Sub-Total	5,969.00	6,313.02			6,316.96			6,316.96
Total ^c	22,067.79	22,569.37	15,849.01	903.37	23,069.34	15,782.95	1,095.45	23,195.36

Note - Following the 2001 Legislative Session, the Fiscal Division completed a review of the methodology used to compile the position information included in The Appropriations Report and The Fiscal Report. Due to changes in methodology, comparisons to prior reports may not yield valid results.

a. - The FY 2002-03 work program sub-total by Government Function in The Fiscal Report differs from The Executive Budget due to necessary adjustments for those items which are not reflective in the work program. Reconciliation is on file in the Fiscal Division.

b. - The Government Function sub-total in The Fiscal Report for both FY 2003-04 and FY 2004-05 differs from the amounts presented in The Executive Budget due to an adjustment to the position count for the Legislative Counsel Bureau and unfunded positions. Reconciliation is on file in the Fiscal Division.

c. - Total does not include Boards and Commissions.

SECTION V

GOVERNOR'S RECOMMENDATIONS BY FUNCTION

This section includes a report by budget account of the Governor's recommended level of spending by funding source. In each budget, the recommendation for FY 2003-04 and FY 2004-05 is compared to the current budget year (FY 2002-03) and the actual experience of FY 2001-02. The percentage change for each year is also displayed.

Each functional area's schedule of recommended spending is preceded by a brief narrative description of the major program changes and issues reflected in the proposed budgets. This narrative is not exhaustive, nor does it address issues in great depth. It is designed to alert the reader to those issues that may arise during the 2003 Legislative Session.

ELECTED OFFICIALS

The function of Elected Officials encompasses three sub-functions: The executive elective offices, the judicial agencies and the legislative agencies. The executive agencies include the Governor's Office, the Office of the Attorney General, Secretary of State, State Controller and State Treasurer. Judicial agencies include the Supreme Court, Administrative Offices of the Court, District Courts, Commission on Judicial Discipline and the Commission on Judicial Selection. The legislative agency is the Legislative Counsel Bureau. The recommended General Fund appropriations for Elected Officials total approximately \$77.3 million in FY 2003-04, a 22.2 percent increase over FY 2002-03, and \$74.9 million for FY 2004-05, a decrease of 3.1 percent compared to FY 2003-04. Budget requests from all funding sources total approximately \$325.4 million in FY 2003-04 and \$314.5 million in FY 2004-05 after inter-agency transfers are deducted.

GOVERNOR'S OFFICE

The Executive Budget recommends \$4.3 million over the 2003-05 biennium in General Funds to operate the office of the Governor; a 10 percent decrease from the current biennium. Eight vacant positions are recommended for elimination, including 5 new positions approved by the 2001 Legislature. The budget proposal does not include General Fund support for the Office of Science, Innovation, and Technology, which was transferred from the University and Community College System of Nevada to the Governor's Office by the 2001 Legislature.

WASHINGTON OFFICE

The establishment of the Washington D.C. office was authorized by the 1985 Legislature to identify, monitor and provide information on selected federal issues of high priority to Nevada, such as nuclear waste, transportation funding, gaming, and economic development. The Governor recommends continued funding of \$259,300 in each fiscal year of the 2003-05 biennium, the same level approved by the Legislature for FY 2001-03. The office is funded through transfers from the Department of Transportation, the Commission on Economic Development and the Commission on Tourism.

HIGH LEVEL NUCLEAR WASTE

The Nevada Nuclear Waste Project Office was formally established by executive policy in 1983 and by the Nevada State Legislature in 1985 following passage of the federal Nuclear Waste Policy Act of 1982. Funding from the Department of Energy (DOE) for support of the office in the past several biennia has been significantly reduced from prior levels, requiring supplemental state funding to maintain the office. Under federal guidelines, federal funds may only be used for specific research activities and may not be used to support the agency's general personnel and operating costs. As a result of federal actions limiting the uses of federal funds, the state General Fund was increased to provide adequate support for the agency's oversight activities at Yucca Mountain.

The Governor's budget recommends a General Fund appropriation of \$1.97 million over the 2003-05 biennium to support the Nevada Nuclear Waste Project Office (NWPO); an increase of nine percent in state funding over the amounts appropriated for the 2001-03 biennium. The federal funding support, which is transferred from the state Division of Emergency Management, is projected to continue at the current level of \$2.5 million each year. Additional funding of \$400,000 each year from the state Highway Fund continues to address transportation issues related to the possible transportation of high-level nuclear waste to the Yucca Mountain site.

In addition to funding for the operation of the agency, the 2001 Legislature approved SB 494, which established the Nevada Protection Fund within the Governor's Office. The fund was established by a \$4 million one-shot appropriation. The funding was requested by the Governor to support the state's ongoing legal opposition to the establishment of a federal nuclear waste site at Yucca Mountain. In FY 2003-04, the Governor is recommending \$2 million in the Attorney General's Special Litigation Fund to finance legal costs of activities to prevent the federal nuclear waste repository to be located at Yucca Mountain.

CONSUMER HEALTH ASSISTANCE

The 1999 Legislature created the Office of Consumer Health Assistance under the Office of the Governor. The duties of the agency are to assist consumers and injured employees in understanding their rights and responsibilities under health care plans and policies of industrial insurance, including responding to and investigating complaints regarding those plans and policies. Responsibilities of the former Office for Hospital Patients were transferred to this agency by the 2001 Legislature and include resolving disputes between patients and hospitals. The office is funded with a General Fund appropriation, a transfer from the workers' compensation fund, Medicaid funds, and hospital assessments. The proposed budget reflects a decrease of 3 positions from the legislatively authorized 10 positions for the 2001-03 biennium.

ETHICS COMMISSION

The Ethics Commission was created by the 1985 Legislature and consists of eight members. The commission is responsible for receiving inquiries and complaints involving the ethical conduct of public officials and employees, providing ethical guidance through published opinions, and

maintaining records of financial disclosure of candidates for public offices and officeholders. The Commission is staffed by three positions.

The Governor recommends an increase in the budget of approximately 8.9 percent in FY 2003-04 compared to FY 2002-03, with no additional funding recommended for FY 2004-05.

LIEUTENANT GOVERNOR

The Lieutenant Governor serves as President of the Senate and as Chairman of the Commission on Economic Development and the Commission on Tourism. The proposed budget recommends additional funding for travel to attend National Lt. Governor's Association conferences and to meet with the Nevada congressional delegation in Washington D.C. on issues related to the state. The budget also proposes replacement computer hardware and software upgrades. The General Fund appropriation supporting the agency is recommended at \$498,117 in FY 2003-04, which represents a 9.7 percent increase compared to FY 2002-03. In FY 2004-05, an additional 3.2 percent increase in General Fund is recommended.

ATTORNEY GENERAL

The Office of the Attorney General (AG) serves as legal advisor to nearly all state agencies, boards, and commissions and assists the county district attorneys of the state. The office consists of nine divisions and four fraud units. The four fraud units are the Workers' Compensation Fraud Unit, the Medicaid Fraud Unit, the Insurance Fraud Unit, and the Office of Consumer Protection. The Executive Budget recommends the budget for Juvenile Justice Programs, which is currently in the Division of Child and Family Services, be transferred to the Attorney General's Office.

The Executive Budget recommends funding for an additional 10,462 square feet of office space in the Grant Sawyer State Office building in Las Vegas. Costs for the new space are allocated to the various divisions and units within the office based on utilized square footage. No new positions or personnel are moving into the Sawyer Building; the additional square footage would provide expanded space for existing staff. Total cost for the additional space is \$287,432 for the biennium. The Governor recommends funding the cost increase primarily through a General Fund appropriation of \$261,140 for the biennium, with the remaining funds provided by a combination of client charges and board and commission charges.

The Executive Budget recommends \$295,535 to purchase computer hardware and software for the various divisions and units in the Office of the Attorney General as recommended by the Department of Information Technology replacement schedule. The Governor recommends funding the additional equipment primarily through a General Fund appropriation totaling \$248,323 for the biennium, with the balance coming from federal funds.

SPECIAL LITIGATION FUND

The Executive Budget recommends appropriating \$2 million in FY 2003-04 to fund legal costs for activities to prevent the location of a federal nuclear waste repository at Yucca Mountain. The Governor recommends this appropriation be authorized for use in both fiscal years of the biennium.

CRIME PREVENTION

The Executive Budget recommends the elimination of the Crime Prevention Coordinator position from the Crime Prevention account, which would result in General Fund savings of \$115,416 during the 2003-05 biennium

ADVISORY COUNCIL FOR PROSECUTING ATTORNEYS

The Advisory Council for Prosecuting Attorneys was created by the 1997 Legislature in Senate Bill 497. The Council is responsible for developing a program for training and assisting state and local prosecutors in conducting prosecutions. The 2001 Legislature enacted provisions of Assembly Bill 548 to include the advisory council in the list of agencies authorized to receive justice court assessments. The Executive Budget recommends the administrative assessment fee for misdemeanors increase by \$4.80, which would generate an additional \$15,000 for the council in each fiscal year of the 2003-05 biennium.

STATE CONTROLLER

The State Controller maintains the state's accounting system and publishes the annual financial statements. The Governor's budget recommends a General Fund appropriation of \$3.9 million in FY 2003-04, which represents a 10.2 percent increase compared to FY 2002-03. In FY 2004-05, an additional 1.2 percent increase in General Fund monies is recommended. The Governor has recommended 2 temporary positions approved by the 2001 Legislature for the rollout of the Integrated Financial System (IFS) to be changed to permanent status. The positions are recommended to implement additional functionality and reporting capabilities to the IFS and to provide ongoing system training for state agencies' staff. The proposed budget also includes additional funding for training for professional accountant staff and information technology staff and the transfer of a position from the Department of Information Technology that supports the IFS financial help desk function. The Governor is also recommending funding for the State Controller for ongoing IFS software maintenance costs that were funded in previous years in the IFS development budget.

SECRETARY OF STATE

The Secretary of State maintains records of all official acts of the legislative and executive branches of government, keeps records of all corporations and limited partnerships in Nevada, and is the chief election official of the state. The Governor recommends increasing all of the Secretary of State's filing fees by 50 percent effective April 1, 2003, which is estimated to

generate approximately \$6.8 million in the last three months of FY 2002-03, \$28 million in FY 2003-04, and \$28.9 million in FY 2004-05. The Executive Budget recommends funding for four new information technology positions: two are reclassifications funded by the General Fund and two are recommended to be funded by federal funds authorized by the Help America Vote Act of 2002. The Help America Vote Act, signed by the President in October 2002, mandates changes to the state's election system and authorizes federal funds to help states implement the act. The Executive Budget recommends the authorization of \$5 million in federal funds to provide for the costs incurred to implement the requirements of the act. The legislatively approved General Fund appropriations for the current biennium are \$9.7 million; the Governor recommends a total of \$12.2 million in appropriations for the 2003-05 biennium, a 26.8 percent increase.

STATE TREASURER

The Treasurer is responsible for the receipt and disbursement of all monies of the state. The Treasurer also invests the state's idle cash and handles the state's bond programs, including the Municipal Bond Bank. The budget recommends approximately \$2.6 million in General Funds, along with approximately \$771,000 in assessments against the Bond Bank and agencies for which special services are rendered over the biennium. Due to the less non-state revenues recommended to support the State Treasurer's budget, General Fund appropriations recommended during the 2003-05 biennium are 24 percent higher than appropriations approved during the 2001-03 biennium.

The Treasurer is also responsible for administration of the Higher Education Tuition Trust, the Millennium Scholarship program, College Savings Program, and the Unclaimed Property Division, which was transferred to the Treasurer's Office from the Department of Business and Industry by the 2001 Legislature.

STATE DEBT

The Nevada Constitution limits the aggregate principal amount of the state's General Fund obligation debt at two percent of the total assessed value of the state. The limitation does not extend to debt incurred for the protection and preservation of property or natural resources of the state.

The Office of the State Treasurer indicates that the estimated unused bonding capacity as of June 30, 2002, is approximately \$383.6 million. The Governor's Capital Improvement Program recommends issuing \$132.1 million in new bonds, which would require increasing the property tax debt rate from 15 cents per \$100 of assessed valuation to 16 cents per \$100 of assessed valuation.

HIGHER EDUCATION TUITION ADMINISTRATION (PREPAID TUITION)

The Nevada Higher Education Tuition Program is a qualified IRS Section 529 plan that provides a method to prepay tuition in advance of enrollment at an institution of higher education. The program was originally established through Senate Bill 271 of the 1997 Legislative Session and

included a sunset provision at the end of FY 2000-01. Assembly Bill 554 of the 2001 Legislative Session retained the Prepaid Tuition program, which covers the costs of undergraduate studies at a university, state college or community college within the UCCSN system. The Prepaid Tuition Administration account includes revenues and costs associated with administration of the program. Prepaid Tuition Trust Fund receipts and expenditures are not reflected in The Executive Budget.

The Higher Education Tuition Administration account was established and maintained with the assistance of General Fund appropriation loans totaling \$4.4 million (FY 1997-98 through FY 2002-03). After accounting for reversions, net General Fund allocations to this budget total \$3.8 million. Commencing in FY 2003-04, the Treasurer requests and the Governor recommends that the Prepaid Tuition administration account be funded entirely with transfers from the Higher Education Tuition Trust Fund. General Fund appropriations are discontinued in the base budget. General Fund payback amounts of \$25,000 were budgeted in FY 2000-01, FY 2001-02 and FY 2002-03; as requested by the Treasurer, the Governor recommends continuation of General Fund paybacks at the \$25,000 level in each fiscal year of the 2003-05 biennium.

MILLENNIUM SCHOLARSHIP ADMINISTRATION

The Millennium Scholarship program was recommended by the Governor and approved by the 1999 Legislature to increase the number of Nevada students who attend and graduate from Nevada institutions of higher education. Generally, to be eligible for a Millennium Scholarship, a student must graduate from a high school in Nevada with at least a 3.0 grade point average, pass all areas of the Nevada High School Proficiency Examination, and have been a resident of Nevada for at least two years of high school. The maximum total award is \$10,000. Program costs are paid from the Millennium Scholarship trust fund, which receives 40 percent of all money collected by the state of Nevada pursuant to the tobacco settlement agreement. Trust Fund revenues are not reflected in The Executive Budget.

During the 2001 session, the Legislature approved \$74,000 for a baseline study to assess the effects of the Millennium Scholarship program on: Academic performance at the high school level; student intention to attend college; and student academic performance at the college level. The Executive Budget recommends an additional \$74,000 allotment to continue data collection and analysis during the 2003-05 biennium. The Governor recommends the Treasurer be allowed to use the funds in both years of the biennium since the expenses associated with the study depend on the contract start date and are difficult to estimate for each fiscal year.

As a budget reduction measure, the Governor recommends the elimination of an Administrative Aid position. The position elimination was not included in the Treasurer's budget request.

NEVADA COLLEGE SAVINGS TRUST

Assembly Bill 554 of the 2001 Legislative Session established the Nevada College Savings Program, which provides an additional IRS Section 529 educational savings program for the children of Nevada. The plan allows individuals to contribute to a child's account and to then

use the savings proceeds to pay for qualified higher education expenses. Withdrawals that are used for qualified educational expenses are not subject to federal taxation. The value of each account is based upon investment performance. Unlike the Prepaid Tuition program, which locks-in the cost of future educational expenses at current prices, the value of college savings plans is subject to investment risk. Savings plan proceeds can be used at any eligible educational institution in the United States.

The Governor recommends continued funding for the Administrative Services Officer IV position to oversee the Treasurer's higher education programs, as authorized by the Interim Finance Committee on September 17, 2001.

JUDICIAL BRANCH

The budgets of judicial agencies are included in The Executive Budget but are not subject to review by the Governor pursuant to NRS 353.246. Therefore, all judiciary budget amounts presented in this report reflect funding requests to the Legislature as presented by the Courts without any adjustments by executive staff.

The judiciary budgets include the Supreme Court, the Administrative Office of the Courts (AOC), District Judges' Salary, Travel and Pension, Judicial Education, and the Division of Planning and Analysis. Also included in the judiciary budgets is funding for the Uniform System of Judicial Records, the Retired Justice Duty Fund, the Supreme Court Law Library, and two commissions: the Commission on Judicial Selection and the Commission on Judicial Discipline.

Judiciary funds are derived from several sources, including General Fund appropriations, court administrative assessment fees, district judge disqualification fees, preemptory challenge fees, and miscellaneous revenue. Pursuant to NRS 176.059, 51 percent of the court administrative assessments revenue, collected by the State Treasurer, must be distributed to the AOC for allocation among various judicial budgets.

For the 2003-05 biennium, the Judicial Branch has indicated court administrative assessments will remain flat. However, it should be noted that there is a proposal to increase the administrative assessment fee for misdemeanors by approximately \$10.00. As such, the proposed respective share to the Judicial Branch would be an increase of approximately \$5.10. This additional funding was not included in the Judicial Branch's requests for the 2003-05 biennium, but was included in the funding recommendations by the Governor for other budget accounts affected by this proposal (i.e. Criminal History Repository, Victims of Crime, etc.).

The Executive Budget requests an increase of 16.24 percent for the Court's total budget from the FY 2002-03 work program amount of \$25.9 million to \$30 million in FY 2003-04. In FY 2004-05, the total budget of \$30.1 million represents an increase of 0.11 percent from the amount the Judicial Branch is requesting in FY 2003-04. The General Fund portion of the budget in FY 2003-04 is recommended to increase 40.2 percent from the FY 2002-03 work program amount of \$16.0 million to \$22.4 million. In FY 2004-05, the requested amount of \$22.5 million represents an increase of 0.31 percent from the amount requested in FY 2003-04.

It should be noted that a portion of the General Fund increase is related to the implementation of SB 137 and SB 184 of the 2001 Legislative Session. Effective January 6, 2003, the bills added four new district court judges and increased district and supreme court judges' salaries by 30 percent.

Pursuant to AB 4 of the 17th Special Session, the Legislature appropriated \$5 million from the state General Fund to partially finance the unfunded accrued liability for active and inactive justices of the Supreme Court and district judges who are members of the Judicial Retirement System.

The Executive Budget requests funding for the first annual payment to the Public Employees Retirement System to amortize the unfunded actuarial accrued liability for the Judicial Retirement System over 34 years which began January 1, 2003. General Fund support as recommended by the actuary totals \$1,459,000 in FY 2003-04 increasing three percent to \$1,503,700 in FY 2004-05 for assumed payroll growth. The requested budgets (Supreme Court and District Judges Salaries) also include funding for payment of employee paid retirement contributions for members of the Judicial Retirement System.

The funding requested for the Supreme Court increases significantly from the previous biennium. Major factors for these changes include increases in salaries and benefits pursuant to SB 137 and SB 184 (2001 Legislative Session), funding for the relocation and occupancy of the Las Vegas Supreme Court facilities within the new Regional Justice Center, and various computer hardware and software replacement and upgrades, as well as other technology improvements. In support of technology improvements, the Supreme Court is also requesting funding for four new information technology positions: a Case Management System (CMS) programmer (FY 2005 only); a Supreme Court Program Information Specialist; a Court Business System Analyst; and a Court Internet/Intranet Analyst.

The Division of Planning and Analysis is requesting 2 new General Fund positions in support of the Uniform System for Judicial Records (USJR): a Judicial Branch Auditor and an Assistant Court Research Analyst. The Auditor position would assist the judiciary in developing appropriate internal accounting and management controls, as well as audit revenues collected in the courts and received by the state from the cities and counties in accordance with Nevada law. The Court Research Analyst position would assist the Senior Court Research Analyst in collecting data from all of the trial courts statewide in order to expand the USJR into the next phase of data development.

LEGISLATIVE COUNSEL BUREAU

The Legislative Counsel Bureau is the administrative support agency for the Nevada Legislature. The Bureau includes an Administrative Division, Legal Division, Research Division, and Fiscal Analysis Division. A total of \$24.2 million in FY 2003-04 and \$22.2 million in FY 2004-05 is included in The Executive Budget to support the operations of the Legislative Counsel Bureau during the 2003-05 biennium.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
EXECUTIVE BRANCH						
OFFICE OF THE GOVERNOR	2,130,667	2,626,135	2,169,385	-17.39	2,134,491	-1.61
GENERAL FUND	1,961,917	2,359,965	2,122,447	-10.06	2,134,491	.57
BALANCE FORWARD	168,750	157,500		-100.00		
INTER AGENCY TRANSFER		101,170	46,938	-53.60		-100.00
OTHER FUND		7,500		-100.00		
MANSION MAINTENANCE	254,181	336,415	274,937	-18.27	345,022	25.49
GENERAL FUND	254,181	336,415	274,937	-18.27	345,022	25.49
WASHINGTON OFFICE	259,300	259,300	259,300		259,300	
INTER AGENCY TRANSFER	259,300	259,300	259,300		259,300	
HIGH LEVEL NUCLEAR WASTE	2,899,395	3,954,205	4,085,495	3.32	4,086,226	.02
GENERAL FUND	926,035	881,285	985,495	11.82	986,226	.07
BALANCE FORWARD	899,905	48,233		-100.00		
INTER AGENCY TRANSFER	950,000	2,900,000	2,950,000	1.72	2,950,000	
OTHER FUND	123,455	124,687	150,000	20.30	150,000	
ETHICS COMMISSION	310,238	319,003	347,262	8.86	346,431	-24
GENERAL FUND	310,087	318,895	347,111	8.85	346,280	-24
OTHER FUND	151	108	151	39.81	151	
GOV. OFFICE OF CONSUMER HEALTH A&	626,073	923,743	684,966	-25.85	691,673	.98
GENERAL FUND	306,354	310,249	314,215	1.28	319,110	1.56
BALANCE FORWARD	205,922	55,887	49,644	-11.17	49,644	
OTHER FUND	113,797	557,607	321,107	-42.41	322,919	.56
ENERGY CONSERVATION	608,621	1,139,295	669,639	-41.22	577,851	-13.71
BALANCE FORWARD	-3,061	3,061		-100.00		
FEDERAL FUND	456,093	894,531	492,784	-44.91	469,583	-4.71
INTER AGENCY TRANSFER	155,589	241,703	176,855	-26.83	108,268	-38.78
SCIENCE, ENGINEERING, TECHNOLOGY	9,000	92,335		-100.00		
BALANCE FORWARD	9,000	92,335		-100.00		
LIEUTENANT GOVERNOR	444,279	454,173	498,117	9.68	514,292	3.25
GENERAL FUND	444,279	454,173	498,117	9.68	514,292	3.25
ATTORNEY GENERAL ADMIN FUND	17,543,749	18,041,811	20,111,984	11.47	20,248,417	.68
GENERAL FUND	9,416,484	9,485,575	10,952,166	15.46	11,013,206	.56
FEDERAL FUND		34,022		-100.00		
INTER AGENCY TRANSFER	307,520	8,013,073	419,570	-94.76	437,668	4.31
OTHER FUND	7,819,745	509,141	8,740,248	1,616.67	8,797,543	.66
SPECIAL FUND	81,510	102,411	2,081,301	1,932.30	81,301	-96.09
GENERAL FUND	89,940	102,411	2,081,301	1,932.30	81,301	-96.09
BALANCE FORWARD	-20,891					
OTHER FUND	12,461					

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
ATTORNEY GENERAL INSURANCE FRAU	996,447	993,981	1,070,216	7.67	1,144,787	6.97
BALANCE FORWARD	-135,034	78,389	71,639	-8.61	146,210	104.09
INTER AGENCY TRANSFER	19,633		980,779		980,779	
OTHER FUND	1,111,848	915,592	17,798	-98.06	17,798	
AG MEDICAID FRAUD	1,349,272	1,920,151	1,745,584	-9.09	1,627,576	-6.76
GENERAL FUND		1,000	1,000		1,000	
BALANCE FORWARD	80,782	333,707	308,108	-7.67	190,456	-38.19
FEDERAL FUND	886,899	1,076,574	1,051,939	-2.29	1,052,855	.09
INTER AGENCY TRANSFER	153,859	175,954	156,805	-10.88	155,533	-.81
OTHER FUND	227,732	332,916	227,732	-31.59	227,732	
AG, VICTIMS OF DOMESTIC VIOLENCE	1,642,225	2,026,821	2,172,752	7.20	2,040,464	-6.09
BALANCE FORWARD	-9,699	31,484	15,210	-51.69	84,369	454.69
FEDERAL FUND	1,585,810	1,937,412	2,091,469	7.95	1,890,022	-9.63
OTHER FUND	66,114	57,925	66,073	14.07	66,073	
ATTORNEY GENERAL-WORKERS' COMP	2,317,763	2,637,323	2,771,745	5.10	2,756,270	-.56
BALANCE FORWARD	-12,232	39,175	39,175			-100.00
INTER AGENCY TRANSFER	2,322,908	2,557,639	2,692,061	5.26	2,715,761	.88
OTHER FUND	7,087	40,509	40,509		40,509	
AG OFFICE OF CONSUMER PROTECTION	3,666,218	3,741,882	4,316,503	15.36	4,231,817	-1.96
GENERAL FUND	1,121,549	1,050,388	1,220,391	16.18	1,223,485	.25
BALANCE FORWARD	466,698	263,614	668,232	153.49	580,452	-13.14
INTER AGENCY TRANSFER	387					
OTHER FUND	2,077,584	2,427,880	2,427,880		2,427,880	
AG CRIME PREVENTION	247,532	268,052	231,354	-13.69	233,716	1.02
GENERAL FUND	208,104	257,461	202,303	-21.42	204,665	1.17
BALANCE FORWARD		3,150		-100.00		
INTER AGENCY TRANSFER		306		-100.00		
OTHER FUND	39,428	7,135	29,051	307.16	29,051	
ATTORNEY GENERAL TORT CLAIM FUNC	5,358,482	4,994,359	5,997,203	20.08	6,318,376	5.36
BALANCE FORWARD	1,412,126	1,040,373	1,742,249	67.46	2,001,646	14.89
INTER AGENCY TRANSFER	3,946,346	3,953,895	4,194,954	6.10	4,311,730	2.78
OTHER FUND	10	91	60,000	5,834.07	5,000	-91.67
AG EXTRADITION COORDINATOR	742,577	641,530	662,870	3.33	664,570	.26
GENERAL FUND	550,193	538,745	554,946	3.01	551,250	-.67
OTHER FUND	192,384	102,785	107,924	5.00	113,320	5.00
AG COUNCIL FOR PROSECUTING ATTOF	110,225	195,008	144,802	-25.75	157,561	8.81
GENERAL FUND		100		-100.00		
BALANCE FORWARD	16,501	37,936	7,936	-79.08	20,543	158.86
FEDERAL FUND	270					
INTER AGENCY TRANSFER		16,680		-100.00		
OTHER FUND	93,454	140,292	136,866	-2.44	137,018	.11

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
CFS JUVENILE JUSTICE PROGRAMS	3,036,799	3,401,228	2,440,265	-28.25	2,440,231	-0.00
GENERAL FUND	729,490	729,490	707,605	-3.00	707,605	
BALANCE FORWARD	87,177					
FEDERAL FUND	2,220,132	2,671,738	1,732,660	-35.15	1,732,626	-0.00
CONTROLLER'S OFFICE	3,304,015	3,539,784	3,899,592	10.16	3,947,627	1.23
GENERAL FUND	3,286,094	3,539,784	3,899,592	10.16	3,947,627	1.23
INTERIM FINANCE	10,871					
OTHER FUND	7,050					
SECRETARY OF STATE	8,489,767	9,931,796	14,360,438	44.59	10,072,383	-29.86
GENERAL FUND	4,534,222	4,984,395	5,859,104	17.55	6,390,219	9.06
BALANCE FORWARD	1,089,845	1,904,714		-100.00		
FEDERAL FUND			5,081,997		117,371	-97.69
INTER AGENCY TRANSFER	48,643	48,643		-100.00		
OTHER FUND	2,817,057	2,994,044	3,419,337	14.20	3,564,793	4.25
STATE TREASURER	1,490,844	1,732,514	1,667,857	-3.73	1,688,802	1.26
GENERAL FUND	857,893	1,044,439	1,284,087	22.95	1,301,485	1.35
BALANCE FORWARD	-52,929					
INTER AGENCY TRANSFER	237,048	225,000	78,411	-65.15	81,958	4.52
OTHER FUND	448,832	463,075	305,359	-34.06	305,359	
MILLENNIUM SCHOLARSHIP ADMINISTRATION	323,337	545,217	511,124	-6.25	443,734	-13.18
BALANCE FORWARD	-210,544					
OTHER FUND	533,881	545,217	511,124	-6.25	443,734	-13.18
TREASURER HIGHER EDUCATION TUITION	953,233	1,076,652	823,449	-23.52	835,513	1.47
GENERAL FUND	715,046	771,066		-100.00		
OTHER FUND	238,187	305,586	823,449	169.47	835,513	1.47
MUNICIPAL BOND BANK REVENUE	80,223,298	81,276,538	82,295,420	1.25	87,523,686	6.35
BALANCE FORWARD			18,379		18,379	
OTHER FUND	80,223,298	81,276,538	82,277,041	1.23	87,505,307	6.35
MUNICIPAL BOND BANK DEBT SERVICE	80,035,491	80,411,681	83,441,702	3.77	88,668,860	6.26
BALANCE FORWARD	1,128,490	1,128,490	1,128,490		1,128,490	
INTER AGENCY TRANSFER	79,986,250	79,033,191	82,263,212	4.09	87,490,370	6.35
OTHER FUND	-1,079,249	250,000	50,000	-80.00	50,000	
BOND INTEREST & REDEMPTION	119,519,199	153,967,270	154,357,656	.25	146,395,232	-5.16
BALANCE FORWARD	4,165,119	32,280,271	31,381,436	-2.78	18,392,552	-41.39
INTER AGENCY TRANSFER	31,234,007	29,801,813	30,202,793	1.35	30,207,645	.02
OTHER FUND	84,120,073	91,885,186	92,773,427	.97	97,795,035	5.41
UNCLAIMED PROPERTY	619,246	627,620	754,126	20.16	762,596	1.12
OTHER FUND	619,246	627,620	754,126	20.16	762,596	1.12
NEVADA COLLEGE SAVINGS TRUST	85,698	139,472	291,266	108.83	291,782	.18
BALANCE FORWARD	-17,051	17,051	3,000	-82.41	3,000	
OTHER FUND	102,749	122,421	288,266	135.47	288,782	.18

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
TOTAL-EXECUTIVE BRANCH	339,678,681	382,317,705	395,138,310	3.35	391,530,587	-91
GENERAL FUND	25,711,868	27,165,836	31,304,817	15.24	30,067,264	-3.95
BALANCE FORWARD	9,268,874	37,515,370	35,433,498	-5.55	22,615,741	-36.17
FEDERAL FUND	5,149,204	6,614,277	10,450,849	58.00	5,262,457	-49.65
INTER AGENCY TRANSFER	119,621,490	127,328,367	124,421,678	-2.28	129,699,012	4.24
INTERIM FINANCE	10,871					
OTHER FUND	179,916,374	183,693,855	193,527,468	5.35	203,886,113	5.35

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
JUDICIAL BRANCH						
DISTRICT JUDGE/SURVIVING SPOUSE PI	1,070,900	554,487	1,459,900	163.29	1,503,700	3.00
GENERAL FUND	1,070,900	554,487	1,459,900	163.29	1,503,700	3.00
JUSTICES/SURVIVING SPOUSES PENSIO	333,222	175,260		-100.00		
GENERAL FUND	333,222	175,260		-100.00		
SUPREME COURT	8,031,278	8,538,840	10,504,880	23.02	10,353,856	-1.44
GENERAL FUND	4,025,766	3,832,740	6,760,954	76.40	6,609,930	-2.23
BALANCE FORWARD	83,836	311,192		-100.00		
INTERIM FINANCE	194,000					
OTHER FUND	3,727,676	4,394,908	3,743,926	-14.81	3,743,926	
DIVISION OF PLANNING & ANALYSIS	425,308	595,909	608,074	2.04	610,011	.32
GENERAL FUND	353,820	377,613	608,074	61.03	610,011	.32
FEDERAL FUND	55,341	183,521		-100.00		
INTER AGENCY TRANSFER	16,147	34,775		-100.00		
ADMINISTRATIVE OFFICE OF THE COUR	1,032,179	1,561,880	1,449,089	-7.22	1,341,516	-7.42
BALANCE FORWARD	-112,053	215,872	304,857	41.22	197,284	-35.29
OTHER FUND	1,144,232	1,346,008	1,144,232	-14.99	1,144,232	
SUPREME COURT RURAL DRUG COURT	115,610	184,390	150,000	-18.65	150,000	
GENERAL FUND			150,000		150,000	
BALANCE FORWARD	115,610	184,390		-100.00		
LAW LIBRARY	1,257,565	1,255,372	1,422,398	13.30	1,458,784	2.56
GENERAL FUND	1,251,518	1,243,404	1,416,351	13.91	1,452,737	2.57
OTHER FUND	6,047	11,968	6,047	-49.47	6,047	
RETIRED JUSTICE DUTY FUND	184,061	376,139	377,516	.37	378,893	.36
BALANCE FORWARD	-32,415	121,867	161,040	32.14	162,417	.86
OTHER FUND	216,476	254,272	216,476	-14.86	216,476	
JUDICIAL SELECTION	4,698	4,838	6,720	38.90	6,720	
GENERAL FUND	4,698	4,838	6,720	38.90	6,720	
JUDICIAL DISCIPLINE	481,266	421,271	489,758	16.26	490,263	.10
GENERAL FUND	426,654	421,271	489,758	16.26	490,263	.10
INTERIM FINANCE	44,643					
OTHER FUND	9,969					
DISTRICT JUDGES' SALARY	7,136,715	9,399,420	11,524,036	22.60	11,661,641	1.19
GENERAL FUND	7,136,715	9,399,420	11,524,036	22.60	11,661,641	1.19
DISTRICT JUDGES TRAVEL	159,839	498,786	300,363	-39.78	301,755	.46
BALANCE FORWARD	-13,361	327,186	127,163	-61.13	128,555	1.09
OTHER FUND	173,200	171,600	173,200	.93	173,200	
JUDICIAL EDUCATION	601,827	860,110	775,488	-9.84	718,495	-7.35
BALANCE FORWARD	22,865	206,268	218,835	6.09	161,842	-26.04
INTER AGENCY TRANSFER	2,053					
OTHER FUND	576,909	653,842	556,653	-14.86	556,653	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
CONSTITUTIONAL AGENCIES						
UNIFORM SYSTEM OF JUDICIAL RECORDS	1,106,041	1,423,980	979,541	-31.21	1,104,400	12.75
BALANCE FORWARD	392,146	264,050	130,388	-50.62	255,247	95.76
INTER AGENCY TRANSFER	155,242	306,088		-100.00		
OTHER FUND	558,653	853,842	849,153	-.55	849,153	
TOTAL-JUDICIAL BRANCH	21,940,509	25,850,682	30,047,763	16.24	30,080,034	.11
GENERAL FUND	14,603,293	16,009,033	22,415,793	40.02	22,485,002	.31
BALANCE FORWARD	456,628	1,630,825	942,283	-42.22	905,345	-3.92
FEDERAL FUND	55,341	183,521				.00
INTER AGENCY TRANSFER	173,442	340,863				.00
INTERIM FINANCE	238,643					
OTHER FUND	6,413,162	7,686,440	6,689,687		6,689,687	.00
LEGISLATIVE BRANCH						
LEGISLATIVE COUNSEL BUREAU	21,287,503	25,905,237	24,229,665	-6.47	22,222,520	-8.28
GENERAL FUND	18,214,775	19,733,313	23,139,956	17.26	21,895,404	-5.38
BALANCE FORWARD	1,654,489	5,535,285		-100.00		
HIGHWAY FUND	7,500	7,500		-100.00		
INTER AGENCY TRANSFER	258,414	226,139	82,209	-63.65	85,116	3.54
OTHER FUND	1,152,325	403,000	1,007,500	150.00	242,000	-75.98
NEVADA LEGISLATURE INTERIM	386,852	404,666	474,294	17.21	472,709	-33
GENERAL FUND	396,887	404,666	474,294	17.21	472,709	-33
BALANCE FORWARD	-10,035					
TOTAL-LEGISLATIVE BRANCH	21,674,355	26,309,903	24,703,959	-6.10	22,695,229	-8.13
GENERAL FUND	18,611,662	20,137,979	23,614,250	17.26	22,368,113	-5.28
BALANCE FORWARD	1,644,454	5,535,285				.00
HIGHWAY FUND	7,500	7,500				.00
INTER AGENCY TRANSFER	258,414	226,139	82,209	-63.65	85,116	3.54
OTHER FUND	1,152,325	403,000	1,007,500	150.00	242,000	-75.98
CONSTITUTIONAL AGENCIES						
GENERAL FUND	58,926,823	63,312,848	77,334,860	22.15	74,920,379	-3.12
BALANCE FORWARD	11,369,956	44,681,480	36,375,781	-18.59	23,521,086	-35.34
FEDERAL FUND	5,204,545	6,797,798	10,450,849	53.74	5,262,457	-49.65
HIGHWAY FUND	7,500	7,500				
INTER AGENCY TRANSFER	120,053,346	127,895,369	124,503,887	-2.65	129,784,128	4.24
INTERIM FINANCE	249,514					
OTHER FUND	187,481,861	191,783,295	201,224,655	4.92	210,817,800	4.77
TOTAL-CONSTITUTIONAL AGENCIES	383,293,545	434,478,290	449,890,032	3.55	444,305,850	-1.24
Less: INTER AGENCY TRANSFER	120,053,346	127,895,369	124,503,887	-2.65	129,784,128	4.24
NET-CONSTITUTIONAL AGENCIES	263,240,199	306,582,921	325,386,145	6.13	314,521,722	-3.34

FINANCE AND ADMINISTRATION

Finance and Administration includes those agencies that generally control, coordinate, assist and provide services to other agencies and programs in state government. These include the Department of Administration (which includes the Budget Division, Internal Audit, Insurance Loss and Prevention, Printing, Purchasing, Buildings and Grounds, and the Public Works Board), the Department of Taxation, the Department of Personnel and the Department of Information Services.

The Governor has recommended General Fund appropriations for Finance and Administration of \$26.1 million in FY 2003-04 and 24.9 million in FY 2004-05. After excluding appropriations for salary adjustments and information technology projects, General Fund appropriations are recommended to increase by 12 percent in FY 2003-04 over FY 2002-03 levels with an additional 3.1 percent increase recommended in FY 2004-05. Total budget requests from all funding sources is \$80.9 million in FY 2003-04 and \$81.1 million in FY 2004-05 after inter-agency transfers are deducted.

DEPARTMENT OF ADMINISTRATION

BUDGET AND PLANNING DIVISION

The Budget and Planning Division provides policy direction, management oversight and coordinated planning for state agencies. The division's primary duties are to prepare and present The Executive Budget and to provide support to the State Board of Examiners, the Economic Forum, and the Governor's Advisory Commission on Sentencing. The Governor's budget recommends funding to upgrade the Nevada Executive Budget System (NEBS) to contract for an external study to restructure the state's information technology services, and support the transfer of ongoing costs associated with the Integrated Financial System (IFS) from the Information Technology budget account. Total funding is recommended to remain flat at \$3.2 million in FY 2003-04, with a slight increase to \$3.3 million in FY 2004-05.

DIVISION OF INTERNAL AUDITS

The Division of Internal Audits consists of three sections: The Internal Audits section, which provides innovative solutions to improve the efficiency and effectiveness of executive branch agencies; the Financial Management section, which reviews executive branch agencies' internal controls and provides training to ensure effective financial administration; and the Post Review section, which statistically samples executive branch agency transactions for compliance with laws, regulations, guidelines, and contract stipulations. The Internal Audits section also independently reports to the Executive Branch Audit Committee, which the Governor chairs, and includes the Lieutenant Governor, Secretary of State, State Treasurer, State Controller, Attorney General, and a representative of the public. This budget is funded entirely by an appropriation from the General Fund. Included in the Governor's recommendation is funding to increase in-state travel for on-site agency training and evaluation of internal controls. Funding for the division in FY 2003-04 is recommended to increase by 1.5 percent with an additional 4.3 percent increase recommended in FY 2004-05.

INSURANCE AND LOSS PREVENTION

The Insurance and Loss Prevention Section is responsible for the administration of the large deductible property insurance program; the self-funded automobile physical liability program; negotiations for the purchase of and the management of commercial insurance policies; and to provide training, technical assistance and loss prevention information and feedback to agency management and representatives. The Workers' Compensation Section is responsible for the administration of workers' compensation insurance coverage for state workers; the implementation of statewide safety and loss prevention programs; administration of statewide occupational health contracts to minimize losses associated with health and occupational diseases; and provision of training and technical assistance to state agencies.

The Executive Budget recommends total funding of \$23.4 million in FY 2003-04 and \$21.5 million in FY 2004-05, an increase of 26.5 percent and 16.2 percent, respectively, when compared to the FY 2002-03 work program amount of \$18.5 million. The Governor recommends an increase in worker's compensation insurance premiums of \$9.3 million in FY 2003-04 (over the FY 2002-03 work program) and \$5.4 million in FY 2004-05 due primarily to significant increases in the insurance market as a result of the catastrophic losses on September 11, 2001, projected payments to close the retrospective plan years; increased claim costs based on actuarial projections as of September 2002; and increases to restore the workers' compensation reserve. As a result, the assessments to state agencies for workers' compensation are recommended to increase from 1.59 percent of gross salaries (up to a maximum salary of \$36,000) in FY 2002-03 to 4.66 percent in FY 2003-04, and 1.52 in FY 2004-05. Assessments to state agencies for employee bonds, tort claims, vehicle, and property and contents insurance are recommended to decrease from \$4.2 million in FY 2002-03 to \$3.2 million in FY 2003-04 and \$3.3 million in FY 2004-05 due primarily to UCCSN's decision to self-insure for property and contents as of July 1, 2002.

STATE PRINTING OFFICE

The State Printing Office provides printing and reproduction services for state agencies and is funded from payments for all printing and reproduction work completed by the office, excess property sales, and scrap material sales. Rates are established based on direct labor, material cost and overhead. The State Printing Office is comprised of union employees in printing trade positions, in addition to administrative and other positions that are in the state classified system. The State Printing Office has experienced a continued decline in printing sales. The Governor's recommendation for the 2003-05 biennium includes the elimination of nine authorized positions. However, the agency's reserve balance during the biennium is reduced to only \$51,000 by the close of FY 2004-05.

STATE MOTOR POOL

The Motor Pool Division is responsible for the administration of the state's vehicle fleet and currently maintains and services 787 vehicles. State agencies have access to vehicles in Carson City, Reno and Las Vegas; service and maintenance of the vehicles are provided at the three facilities. Funding for the division is primarily generated from vehicle rental charges. The

Executive Budget includes an increase in the daily rate from \$19 per day and \$.135 per mile to \$21 per day and \$.145 per mile, due primarily to increased vehicle operating costs and the replenishment of operating reserve. The monthly rental rate is also recommended to increase from \$213 per month and \$.135 per mile to \$225 per month and \$.145 per mile.

In the Motor Pool Vehicle Purchase budget account, the Governor recommends the purchase of 104 replacement vehicles at a cost of \$1.6 million over the 2003-05 biennium and 23 additional vehicles at a cost of \$418,000. Transfer of depreciation from the main Motor Pool budget account will fund the acquisition of the replacement vehicles and a transfer from operating reserve and depreciation will fund the additional vehicles.

STATE PURCHASING DIVISION

The Purchasing Division's primary responsibility is to assist state agencies and political subdivisions with the efficient procurement of quality supplies, equipment and services at a reasonable cost. The Division also handles the disposal of state property and maintains an inventory of state fixed assets. The Executive Budget for the 2003-05 biennium remains flat with the Governor's recommendation to increase the purchase assessment by \$100,000 each year of the 2003-05 biennium.

DIVISION OF BUILDINGS AND GROUNDS

The Division of Buildings and Grounds provides physical maintenance and housekeeping for most state-owned and leased buildings. The Capitol Police Division of the Department of Public Safety provides building security for certain agencies. The Division of Buildings and Grounds recovers the security cost as part of the rent charged and pays the Department of Public Safety for the service. The primary source of funding for the division is rent charged to state agencies for the use of state-owned building space. Rents collected by the division will total approximately \$28.1 million during the 2003-05 biennium. The table that follows identifies the recommended rents per square foot established for the 2001-03 biennium:

	FY 2001	FY 2002	FY 2003
No Security	\$.85	\$1.14	\$1.15
Contract Security	\$1.01	\$1.14	\$1.15
Capitol Police	\$1.04	\$1.14	\$1.15

The Executive Budget recommends \$1.4 million in FY 2003-04 and \$1.6 million in FY 2005 for building maintenance and renovation projects. The Executive Budget also recommends \$453,447 in FY 2003-04 and \$813,373 in FY 2004-05 for operating and utility costs that will be necessary for new state buildings completed during the 2003-05 biennium. Expenses are recommended for the Old Carson City Courthouse (CIP 99-C4 and CIP 01-C14), the former National Guard Armory building that was vacated upon completion of the new Readiness Center (CIP 99-C3), the Carson City EICoN building (CIP 01-C3), and Building Number 17 at the Stewart Facility (CIP 01-C11 and CIP 03-C7).

MAIL SERVICES

The Mail Services Division provides services to most state agencies in the Carson City, Reno, and Las Vegas areas. This includes all incoming and outgoing mail, certified, UPS, and express mail. Mail Services also includes overnight mail to Las Vegas from Carson City and from Las Vegas to Carson City; interoffice mail delivery and pick-up in the Reno/Carson City and Las Vegas areas; and folding, inserting, addressing, and bulk mailing service. The Executive Budget recommends an increase in the mail charge by \$257,000 in FY 2003-04 and \$361,000 in FY 2004-05.

STATE PUBLIC WORKS BOARD

The State Public Works Board (SPWB) consists of seven members. The Director of the Department of Administration serves as a member of the board, and the six other members are appointed by the Governor to terms of four years. The board, through its operational staff, is responsible for developing the recommended Capital Improvement Program (CIP), the advance planning, design, and construction of the projects included in the approved CIP, and the provision of architectural and engineering services to all state agencies. The board's operational staff currently consists of 60 legislatively approved positions.

The Executive Budget recommends the transfer of 2 Administrative Assistant III positions from the agency's Administration account to the agency's Inspection account and the transfer of an Administrative Assistant IV position from the Inspection account to the Administration account. The Executive Budget also recommends the transfer of an Accounting Assistant I position from the Administrative Services Division to the board's Inspection account. The Governor also recommends the elimination of a Building Construction Inspector III position in the Inspection account.

The Executive Budget recommends reducing management and inspection fee revenue in the agency's Inspection account by \$248,330 in each fiscal year of the 2003-05 biennium. The revenues would be replaced by a \$35,000 transfer from the Buildings and Grounds Division for ADA (Americans with Disabilities Act) compliance inspections each fiscal year, an increase in architecture and engineering fees totaling \$50,000 in each fiscal year and increased plan review fees totaling \$163,330 in each fiscal year of the 2003-05 biennium.

HEARINGS DIVISION

The Hearings Division is responsible for adjudicating contested workers' compensation claims for private and public-insured employees, and establishing a bi-level appeal system, utilizing administrative hearings officers at the first administrative level of appeal. Attorney-trained appeals officers, appointed by the Governor, process the second administrative level of appeal, which is "trial de novo." The decision of the appeals officer is the final and binding administrative determination of a workers' compensation claim, and is limited to judicial review by the district court. The division also conducts hearings in Victims of Crime cases and for various state agencies pursuant to interagency agreements. Funding for the division comes

primarily from the Workers' Compensation and Safety Fund, with nominal revenues derived from state agencies and the Victims of Crime program. The recommended budget increases from \$3.7 million in FY 2002-03 to \$4.3 million in each fiscal year of the 2003-05 biennium, which provides funding for the continuation of 45 existing positions and related operating expenses.

VICTIMS OF CRIME

The Victims of Crime program provides compensation to Nevada residents and visitors who are victims of violent crimes committed in the state, including counseling, lost wages, financial losses to those responsible for maintaining the victim, living expenses, and funeral and burial expenses. Funding for this program is primarily federal grants and court administrative assessments. The Executive Budget recommends a \$594,000 increase in court administrative assessments in FY 2003-04, and a \$648,000 increase in FY 2004-05 based on the Governor's recommendation to increase court administrative assessment fees for misdemeanors by \$4.80. Additionally, the Governor is recommending funding for one new position, an Administrative Assistant II to address the agency's ongoing backlog in claims processing. Since April 2002, claims have been reimbursed at a rate of 80 percent due to lack of funding.

TECHNOLOGY IMPROVEMENT PLAN

The Technology Improvement Plan provides funding for ongoing program oversight and coordination of the IFS. The Executive Budget recommends a General Fund appropriation of \$945,000 in FY 2003-04 and \$873,000 in FY 2004-05 for the continuation of licensing, maintenance, program oversight, and coordination of the IFS. Included in the recommendation is support for 2 new positions, an Information Systems Manager and an Administrative Assistant III.

DEPARTMENT OF TAXATION

The Department of Taxation is responsible for administration of most of the tax laws of the state of Nevada, as well as the Local Government Budget Act. Effective January 1, 2002, the responsibility for collection of taxes and fees imposed on certain motor fuels was transferred from the Department of Taxation to the Department of Motor Vehicles (AB 584, 1999 Legislative Session). In FY 2001-02, gross revenues collected by the Department of Taxation was \$2.759 billion, a decrease of \$290.3 million, or 9.52 percent, below FY 2000-01 revenue collections. This decrease resulted primarily from the transfer of responsibility for the collection of taxes and fees imposed on certain motor fuels to the Department of Motor Vehicles.

The Governor's recommended budget for the 2003-05 biennium for the Department of Taxation provides General Fund support in the amount of approximately \$32.7 million, an increase of \$4.7 million over the \$28.0 million approved for the 2001-03 biennium.

As was noted in the Tax Overview section of this report, the Governor is recommending enhanced General Fund revenues of approximately \$76.6 million in FY 2002-03, \$405.9 million in FY 2003-04 and \$526.8 million in FY 2004-05 for which the Department of Taxation will be

responsible for collecting. In addition to the above revenues, the Governor is recommending a state activity tax, which will impose a 0.25 percent levy on gross receipts of all businesses in Nevada with annual gross receipts in excess of \$450,000, effective in FY 2005-06. The Governor recommends funding of \$12.5 million in FY 2003-04 and an additional \$20.0 million in FY 2004-05 for the required information technology investment and additional operating costs for the Department of Taxation to implement the collection of enhanced revenues and to improve the Department of Taxation's infrastructure to collect the state activity tax. No expenditure detail for these recommended expenditures is included in The Executive Budget.

The Executive Budget recommends the establishment of a network technician position within the Department of Taxation's budget and the discontinuation of the Department's reliance on services provided by the Department of Information Technology (DoIT) for that function. As recommended by the Governor, this action will result in General Fund savings of approximately \$114,000 over the 2003-05 biennium.

The Executive Budget also recommends \$629,000 for the Department of Taxation to assume lockbox services in-house. The Governor makes this recommendation only if the banking contract being re-negotiated by the State Treasurer's Office does not include lockbox services effective July 1, 2003. Included in the recommended funding are four full-time employees, 14 intermittent employees, and operating supplies. The narrative in The Executive Budget indicates the department anticipates start-up preparation to assume the lock-box function no later than April 1, 2003, with submittal of a separate request that includes the estimated cost of the positions, equipment, computers, etc., that are needed to prepare for takeover of the lockbox function on July 1, 2003, if necessary. No specific funding for start-up costs is included in The Executive Budget.

DEPARTMENT OF INFORMATION TECHNOLOGY

The Department of Information Technology (DoIT) employs 215.49 FTEs and is comprised of the Director's Office, the Planning and Research Unit, and five service divisions: Application Design and Development; Computing; Telecommunications; Data Communications; and Communications. The Executive Budget proposes significant functional and organizational changes for the department over the 2003-05 biennium. Some of the major recommendations include: creation of an Information Technology Security Unit, including 4 new positions to be funded through a new statewide assessment and housed in the Director's Office; consolidation of the department's database administration, Web development, and project management functions to the department's Application Design and Development Division; the reclassification/upgrade of 25 positions, or 12.7 percent of the department's recommended 2003-05 workforce of 196.49 FTE; the creation of three new statewide assessments; major upgrade/replacement of the state's R-35 mainframe and \$2.7 million for Web and other mainframe infrastructure upgrades.

In total, The Executive Budget recommends funding authority of \$42.4 million in FY 2003-04 and \$41.9 million in FY 2004-05 for the ongoing operations of the department during the 2003-05 biennium; this represents a 17.4 percent increase in funding when compared to \$71.8 million approved by the 2001 Legislature for the 2001-03 biennium.

DIRECTOR'S OFFICE

The Director's Office employs 20 FTE positions and oversees the operations of the department's seven service divisions. Current functions performed by the office include billing for all services performed by the operating divisions; budgetary oversight for each of the divisions; and planning and preparation of the biennial budget for the divisions. The Contract Administration Unit within the Director's Office is responsible for developing and issuing requests for proposals that include information technology components, contract review, and monitoring and coordination of state agency requests for information technology consultants through DoIT's Master Service Agreements. With the director's appointment as the state's Chief Information Officer (CIO) by the Governor, the Director's Office assumes the added responsibilities of supporting the CIO's function of overseeing information technology projects statewide and for establishing statewide policies and standards for information technology projects, system acquisitions and operations.

The Executive Budget recommends additional DoIT assessments of \$486,576 in FY 2003-04 and \$288,560 in FY 2004-05 for the creation of the statewide Information Technology (IT) Security Unit that will consist of 4 new Information System Specialist IV positions and will assist user agencies in developing, implementing and maintaining agency specific IT security programs. The recommended funding includes \$200,000 in FY 2003-04 for a risk assessment study to assess the state's IT security vulnerabilities and provide recommendations for corrective action.

The Executive Budget recommends the continuation of the Software Executive position approved by the 2001 Legislature to be a dedicated Project Manager to the Department of Human Resources. The scope of responsibility for this position is recommended to be changed to include management of the department's Application Design and Development Division. The Executive Budget recommends the transfer of four positions: Chief of the Planning and Research Unit and an Information System Specialist IV position from the Planning and Research Division; and a Computer System Technician and a Computer Operations Supervisor from the Application Design and Development Division. The recommended transfers will provide the Director's Office with the expertise and resources necessary to address the added duties of the CIO and oversight of the newly formed IT Security Unit.

The Governor recommends funding authority of \$5.5 million to fund the ongoing administrative functions of the Director's Office during the 2003-05 biennium; this represents an increase of approximately \$1.7 million, or 43.4 percent increase in funding when compared to \$3.8 million authorized by the 2001 Legislature for the 2001-03 biennium.

PLANNING AND RESEARCH DIVISION

The Planning and Research Division currently employs 17 FTE positions and provides information technology planning services for the Executive Branch of state government. The division assists agencies in planning short and long-term information technology needs and provides a variety of project management and oversight services. The Governor recommends 3 vacant FTE be eliminated from the base budget.

The Executive Budget recommends the following transfers: the Chief of Planning and Research and an Information System Specialist IV position to the Director's Office; and a Project Manager

position to the Application Design and Development Division. The recommended transfers reduce the number of full-time positions in this budget from 14 to 11.

In total, the position transfers, eliminations, and base adjustments result in a reduction in funding of 25.3 percent from FY 2002-03 to FY 2003-04.

APPLICATIONS DESIGN AND DEVELOPMENT

The Applications Design and Development Unit employs 59 FTE positions and is comprised of three functional sub-units: the Programming Unit, the Application Support Unit, and the Quality Assurance Unit. The Programming Unit provides planning consultations, development of functional requirements, analysis, systems development, implementation, and maintenance for various platforms of information systems. The Quality Assurance (QA) Unit provides oversight on all aspects of IT development projects. The QA staff monitors, evaluates, and measures the progress of major project developments.

The Application Support Unit provides services to programmers/analysts and their related customer agencies by writing, maintaining, and controlling system and program documentation. Additionally, this unit provides programming, testing, and product support services, technical library control and maintenance, and is responsible for developing and implementing the department's standards, policies, and procedures.

The Executive Budget recommends funding of \$373,806 in FY 2003-04 and \$381,348 in FY 2004-05 to restore 5 programming positions that were eliminated from the base budget due to a projected shortfall in revenues.

The Executive Budget recommends the transfer of 15 positions to this budget from other DoIT budgets: 1 Project Manager from the Planning and Research Division; 10 Database Management positions, 3 Web Developers, and 1 Administrative Assistant position from the Computing Division. These transfers centralize the department's project management, web development and programming functions to allow the department greater flexibility in cross-utilizing available resources to meet user demands for these services. Also recommended is the transfer of 2 UNIX Programmer positions from this budget to the Computing Division and the transfer of a Computer System Technician and a Computer Operations Supervisor to the Director's Office to support the department's contract and CIO functions.

The Executive Budget recommends a full-time project manager position to oversee the Mental Health and Developmental Services (MHDS) AVATAR development and implementation project. Phase I of the project, the financial/pharmacy reporting module, is scheduled to be completed in FY 2003-04, with Phase II, the electronic medical records module, scheduled to be completed by the end of FY 2005-06.

In total, The Executive Budget recommends an increase in funding from \$6.1 million in FY 2002-03 to \$6.9 million in FY 2003-04 and again in FY 2004-05 to \$7.0 million to fund the ongoing operations of the Application Design and Development Division

COMPUTING DIVISION

The Communications and Computing Division employs 60.49 FTEs and is responsible for managing, operating, and supporting the state's two enterprise mainframes on a 24/7 basis. Staff assigned to this unit are responsible for computer operations, production services, support of system software, tape library management, disk storage management, enterprise server communications support, help desk functions, data security functions, printing, internet server support, and some disaster recovery functions. The Computing Division serves over 60 state departments, divisions, agencies, boards, commissions, and elected officials.

The Executive Budget recommends the transfer of the division's web development and database management functions to the Applications Design and Development Division. This includes 10 Database Management positions, three Web Developers and an Administrative Assistant. These transfers are part of the division's re-organization plan to centralize services that require like skills to allow DoIT more flexibility in meeting customer demands for these services. Other recommended transfers include: 1 Program Officer position to the Controller's Office and 1 Program Officer position to the Department of Personnel. The transfer of the 2 Program Officer positions represents the final transition of IFS system support personnel from DoIT. The Governor is also recommending the transfer of 2 UNIX Programmer positions from the Applications Design and Development Division. The recommended transfers result in a net reduction of 14 FTEs. In addition, The Executive Budget recommends funding authority of \$35,365 in FY 2003-04 and \$35,586 in FY 2004-05 to upgrade 10 positions, or approximately 21.5 percent of the division's remaining 46.49 FTEs.

The Executive Budget recommends funding authority of \$916,720 in FY 2003-04 and \$1.7 million in FY 2004-05 to fund the replacement of the state's R-35 mainframe with an IBM Z-900 mainframe. Additionally, the Governor recommends funding of \$1.3 million in FY 2003-04 and \$1.3 million in FY 2004-05 for additional DASD and VTS hardware and software storage and web infrastructure upgrades and PC replacements.

The Governor is recommending an operating budget for DoIT's Computing Division of \$18.6 million in FY 2003-04 and \$18.5 million in FY 2004-05, an increase of 25.5 percent when compared to \$29.6 million approved by the 2001 Legislature for the 2001-03 biennium.

DATA COMMUNICATIONS AND TECHNICAL SERVICES DIVISION

The Data Communications and Technical Services Division is responsible for support of the majority of personal computers, non-intelligent workstations, Local Area Networks (LANs) and Wide Area Networks (WANs) in the executive branch of state government. This unit is also charged with the establishment and support of the statewide data communications infrastructure. Staff in this section support over 8,500 personal computers and non-intelligent workstations in more than 100 locations throughout the state.

The Executive Budget recommends funding authority of \$794,912 in FY 2003-04 and \$630,169 in FY 2004-05 to fund upgrades and provide maintenance of the state's SilverNet data communications system. The Governor also recommends \$65,409 in FY 2003-04 and \$46,962 in FY 2004-05 to fund a new maintenance contract of the Carson City Capitol Complex Conduit.

The Executive Budget recommends budget reductions of \$386,618 in FY 2003-04 and \$414,210 in FY 2004-05 to match projected declines in demand for service. Reductions are achieved through the deletion of 7 vacant positions: one Information System Manager and 6 Computer Network Technician II positions. The Executive Budget also recommends funding of \$74,240 in FY 2003-04 and \$48,790 in FY 2004-05 for additional training for remaining technical staff.

The Executive Budget recommends funding authority of \$5.0 million in FY 2003-04 and \$5.1 million in FY 2004-05 for the ongoing operations of the Data Communications Division, representing little change from the 2001-03 biennium approved level of \$10.1 million.

TELECOMMUNICATIONS DIVISION

The Telecommunications Division employs 9 full-time positions and is responsible for developing, administering and maintaining a statewide telephone network, which integrates state-owned PBX switches and commercial telephone service. The division supports approximately 12,000 telephone users at approximately 275 locations in 33 communities. The division maintains services for State Phone Lines, Voice Mail, 800 Toll Free, Phone Credit Cards, Voice System Administration, Conference Calling and State Operators.

The Executive Budget recommends funding of \$633,000 in FY 2003-04 and \$193,000 in FY 2004-05 for equipment to address projected growth in system utilization. The division estimates a 35 percent growth in utilization for the 2003-05 biennium. While system utilization is projected to grow over the coming biennium, the division anticipates a reduction in demand for phone services and installation. Additionally, The Executive Budget recommends funding to upgrade the division's Call Accounting System and Call Management System. Discontinuation of support in FY 2003-04 by the vendor necessitates replacement of these systems.

Total recommended funding authority provided for the ongoing operations of the division is \$5.4 million in FY 2003-04 and \$4.9 million in FY 2004-05, a 47.8 percent increase over the \$7.0 million approved for the 2001-03 biennium.

COMMUNICATIONS DIVISION

The Communications Division focuses on delivery and support of wireless communications services to Nevada government agencies. Specific services include: communications service (microwave channels) connecting mountain-top sites, dispatch centers and remote locations; management and maintenance of mountain-top communications sites to provide space for individual agency transmitting and receiving equipment; and other related communication engineering and maintenance services requested by state agencies. There are currently 47 communication sites— 13 urban terminals and 34 mountaintop sites. Eleven additional sites will be added with the completion of Phase II of the microwave upgrade project planned for the 2003-05 biennium.

The Executive Budget recommends funding of \$504,918 in FY 2003-04 and \$432,131 in FY 2004-05 for new analog microwave equipment needed for maintenance of the analog portion of the microwave system, equipment and maintenance of the Capitol Complex communication

system, and to pay the debt service of the capital improvements made to the state's microwave mountaintop sites.

The Executive Budget recommends funding of \$2.3 million in FY 2003-04 and \$2.2 million in FY 2004-05 for the ongoing operations of the Communications division, representing a 22.9 percent increase above the amount authorized by the 2001 Legislature of \$3.6 million for the 2001-03 biennium.

DEPARTMENT OF PERSONNEL

The Department of Personnel is funded by uniform assessments to all state agencies for personnel and payroll services. The Governor's recommended budget in FY 2003-04 of \$11.9 million is a 9.9 percent increase over the FY 2002-03 work program budget of \$10.8 million. Recommended funding for FY 2004-05 increases by 1.6 percent to \$12.1 million. The Governor recommends an increase in the personnel assessment rate from the current rate of 0.90 percent of employee gross salaries to 0.98 percent in FY 2003-04 and to 0.97 percent in FY 2004-05. In addition, the Governor recommends that the payroll assessment increase from the current rate of 0.24 percent of employee gross salaries to 0.35 percent for each year of the 2003-05 biennium.

The 1997, 1999, and 2001 Legislatures appropriated General Fund and Highway Fund revenue (SB 201, SB 305, and AB 658, respectively) to the Department of Administration for the State of Nevada's Technology Improvement Plan, including implementation of the state's Integrated Financial System (IFS), which includes a new Personnel/Payroll System. The new system became operational in March 1999, with full implementation expected by the end of FY 2002-03. As reported by the department in December 2002, costs through FY 2001-02 for the Personnel/Payroll System totaled \$14,418,071. Included in The Executive Budget is a recommendation to transfer the ongoing operating costs of the Personnel/Payroll System from the Department of Administration.

The Executive Budget recommends funding for two new programs: a Discrimination/Harassment Investigation Unit and a Certified Public Manager Program (CPM). Funding for the Discrimination/Harassment Investigation Unit would ensure trained, impartial investigators conduct investigations promptly, reducing the costs associated with related settlements and court decisions against the state. Funding for the Certified Public Manager Program would provide for better leadership in state agencies resulting in improved services and operations.

The Executive Budget recommends funding for 2.49 new positions. One position is recommended to support the Discrimination/Harassment Investigations Unit; the second position would be the result of a transfer from the Department of Information Technology to perform Help Desk responsibilities for the Personnel/Payroll System. Finally, an existing Equal Employment Opportunity Officer is recommended to increase from a part-time position to a full-time position to provide additional training for the Prevention of Sexual Harassment in the Workplace program.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
DEPARTMENT OF ADMINISTRATION						
HIGHWAY FUND SALARY ADJUSTMENT		15,300,387		-100.00		
HIGHWAY FUND		15,300,387		-100.00		
INFORMATION TECHNOLOGY PROJECTS			8,279,335		3,802,949	-54.07
GENERAL FUND			3,320,876		1,419,127	-57.27
HIGHWAY FUND			4,579,865		2,246,825	-50.94
INTER AGENCY TRANSFER			378,594		136,997	-63.81
BUDGET AND PLANNING	2,459,293	3,150,487	3,152,912	.08	3,301,881	4.72
GENERAL FUND	2,237,932	2,874,233	2,881,478	.25	3,001,092	4.15
INTER AGENCY TRANSFER	210,647	276,202	271,288	-1.78	300,643	10.82
OTHER FUND	10,714	52	146	180.77	146	
GENERAL FUND SALARY ADJUSTMENT		34,245,698		-100.00		
GENERAL FUND		34,245,698		-100.00		
DIVISION OF INTERNAL AUDIT	1,529,981	1,907,435	1,936,062	1.50	2,018,419	4.25
GENERAL FUND	1,529,981	1,907,435	1,936,062	1.50	2,018,419	4.25
MERIT AWARD BOARD		5,000	5,000		5,000	
GENERAL FUND		5,000	5,000		5,000	
CLEAR CREEK YOUTH CENTER	278,850	279,471	235,088	-15.88	236,504	.60
GENERAL FUND	87,680	93,963	62,019	-34.00	62,347	.53
OTHER FUND	191,170	185,508	173,069	-6.71	174,157	.63
DEFERRED COMPENSATION COMMITTEE	35,222	120,998	67,288	-44.39	92,982	38.19
BALANCE FORWARD	-10,934	80,724	21,132	-73.82	46,826	121.59
OTHER FUND	46,156	40,274	46,156	14.60	46,156	
ADMIN - ADMINISTRATIVE SERVICES	1,133,352	1,562,211	1,672,850	7.08	1,691,908	1.14
BALANCE FORWARD	-128,366	231,756	356,196	53.69	264,134	-25.85
INTER AGENCY TRANSFER	1,261,618	1,330,455	1,316,654	-1.04	1,427,774	8.44
OTHER FUND	100					
TECHNOLOGY IMPROVEMENT PLAN	6,231,256	11,765,802	944,983	-91.97	873,013	-7.62
GENERAL FUND	-3,900,436		944,983		873,013	-7.62
BALANCE FORWARD	10,131,692	11,765,802		-100.00		
INSURANCE & LOSS PREVENTION	11,772,096	18,507,303	23,418,403	26.54	21,500,753	-8.19
BALANCE FORWARD	2,093,646	4,200,626	973,857	-76.82	2,835,555	191.17
INTER AGENCY TRANSFER	9,634,471	14,122,915	22,400,567	58.61	18,621,219	-16.87
OTHER FUND	43,979	183,762	43,979	-76.07	43,979	
INDIGENT ACCIDENT ACCOUNT	6,499,361	21,020,168	10,339,123	-50.81	11,239,123	8.70
BALANCE FORWARD	-1,646,906	11,570,224		-100.00		
OTHER FUND	8,146,267	9,449,944	10,339,123	9.41	11,239,123	8.70
INDIGENT SUPPLEMENTAL ACCOUNT	6,020,565	14,393,268	6,500,707	-54.84	7,100,707	9.23
BALANCE FORWARD	-7,341,044	8,414,673		-100.00		
OTHER FUND	13,361,609	5,978,595	6,500,707	8.73	7,100,707	9.23

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
PRINTING OFFICE	3,964,303	5,082,949	3,435,567	-32.41	3,536,069	2.93
BALANCE FORWARD	150,478	161,885		-100.00	122,088	
INTER AGENCY TRANSFER	3,813,825	4,920,954	3,435,567	-30.18	3,413,981	-.63
OTHER FUND		110		-100.00		
PRINTING OFFICE EQUIPMENT PURCHASE	24,649	359,201	124,903	-65.23	77,084	-38.28
BALANCE FORWARD	24,649	135,434	124,903	-7.78	77,084	-38.28
INTER AGENCY TRANSFER		223,467		-100.00		
OTHER FUND		300		-100.00		
MOTOR POOL	3,336,047	3,963,246	3,784,570	-4.51	3,926,544	3.75
BALANCE FORWARD	10,375	129,186	280,163	116.87	250,000	-10.77
INTER AGENCY TRANSFER	3,076,407	3,508,066	3,161,911	-9.87	3,334,048	5.44
OTHER FUND	249,265	325,994	342,496	5.06	342,496	
MOTOR POOL VEHICLE PURCHASE	1,924,085	1,798,477	1,924,976	7.03	1,702,011	-11.58
GENERAL FUND	-700,000					
BALANCE FORWARD	1,543,106	365,568	825,923	125.93	448,147	-45.74
INTER AGENCY TRANSFER	1,040,276	1,337,729	1,058,350	-20.88	1,213,161	14.63
OTHER FUND	40,703	95,180	40,703	-57.24	40,703	
PURCHASING	2,012,751	2,700,273	2,695,509	-.18	2,611,933	-3.10
BALANCE FORWARD	-35,894	458,673	527,495	15.00	443,919	-15.84
INTER AGENCY TRANSFER	1,966,265	2,131,628	2,134,451	.13	2,134,451	
OTHER FUND	82,380	109,972	33,563	-69.48	33,563	
PURCHASING - EQUIPMENT PURCHASE	24,932	127,563	91,417	-28.34	95,578	4.55
BALANCE FORWARD	10,203	109,013	68,299	-37.35	85,482	25.16
INTER AGENCY TRANSFER	14,729	18,550	23,118	24.63	10,096	-56.33
COMMODITY FOOD PROGRAM	4,151,481	5,972,619	5,969,681	-.05	6,045,612	1.27
BALANCE FORWARD	-85,630	1,078,829	954,166	-11.56	1,030,578	8.01
FEDERAL FUND	547,060	612,790	434,727	-29.06	434,727	
INTER AGENCY TRANSFER	140,520	103,460	103,495	.03	103,014	-.46
OTHER FUND	3,549,531	4,177,540	4,477,293	7.18	4,477,293	
BUILDINGS & GROUNDS	12,382,228	13,715,501	15,738,142	14.75	16,229,516	3.12
GENERAL FUND	-50,000					
BALANCE FORWARD	-236,146	961,427	1,060,345	10.29	1,278,907	20.61
INTER AGENCY TRANSFER	12,660,835	12,736,510	14,670,258	15.18	14,943,070	1.86
OTHER FUND	7,539	17,564	7,539	-57.08	7,539	
MAIL SERVICES	6,639,656	6,172,513	7,181,000	16.34	7,199,024	.25
BALANCE FORWARD	263,794	447,451	513,158	14.68	427,337	-16.72
INTER AGENCY TRANSFER	6,375,862	5,725,062	6,667,842	16.47	6,771,687	1.56
MAIL SERVICES - EQUIPMENT PURCHASE	66,271	270,720	248,660	-8.15	344,382	38.50
BALANCE FORWARD	-20,239	175,859	145,720	-17.14	248,428	70.48
INTER AGENCY TRANSFER	86,510	94,861	102,940	8.52	95,954	-6.79

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
MARLETTE LAKE	398,017	481,422	390,431	-18.90	400,298	2.53
BALANCE FORWARD	-10,573	82,105	44,362	-45.97	54,229	22.24
OTHER FUND	408,590	399,317	346,069	-13.33	346,069	
DEPT OF ADMINISTRATION - HEARINGS	3,498,599	3,738,673	4,351,937	16.40	4,349,897	-0.05
INTER AGENCY TRANSFER	3,696,645	3,731,846	4,334,512	16.15	4,332,472	-0.05
OTHER FUND	-198,046	6,827	17,425	155.24	17,425	
VICTIMS OF CRIME	4,875,584	4,218,003	5,089,304	20.66	5,148,428	1.16
BALANCE FORWARD	444,734	81,707	54,701	-33.05	58,222	6.44
FEDERAL FUND	1,086,900	851,216	1,086,900	27.69	1,086,900	
OTHER FUND	3,343,950	3,285,080	3,947,703	20.17	4,003,306	1.41
PUBLIC WORKS ADMINISTRATION	825,865	855,207	832,195	-2.69	843,407	1.35
GENERAL FUND	825,865	855,207	832,195	-2.69	843,407	1.35
PUBLIC WORKS INSPECTION	3,792,597	4,124,059	4,630,196	12.27	4,768,716	2.99
BALANCE FORWARD	5,699	79,001		-100.00		
INTER AGENCY TRANSFER			35,000		35,000	
OTHER FUND	3,786,898	4,045,058	4,595,196	13.60	4,733,716	3.01
TOTAL-DEPARTMENT OF ADMINISTRATIVE	83,877,041	175,838,654	113,040,239	-35.71	109,141,738	-3.45
GENERAL FUND	31,022	39,981,536	9,982,613	-75.03	8,222,405	-17.63
BALANCE FORWARD	5,162,644	40,529,943	5,950,420	-85.32	7,670,936	28.91
FEDERAL FUND	1,633,960	1,464,006	1,521,627		1,521,627	.00
HIGHWAY FUND		15,300,387	4,579,865	-70.07	2,246,825	-50.94
INTER AGENCY TRANSFER	43,978,610	50,261,705	60,094,547	19.56	56,873,567	-5.36
OTHER FUND	33,070,805	28,301,077	30,911,167	9.22	32,606,378	5.48
DEPARTMENT OF TAXATION						
DEPARTMENT OF TAXATION	15,113,597	16,235,655	16,868,967	3.90	17,441,424	3.39
GENERAL FUND	11,970,487	14,577,170	16,082,024	10.32	16,654,232	3.56
BALANCE FORWARD	1,607,538	1,021,635		-100.00		
FEDERAL FUND	12,740					
HIGHWAY FUND	423,290					
INTER AGENCY TRANSFER	6,989		6,989		6,989	
OTHER FUND	1,092,553	636,850	779,954	22.47	780,203	.03
TOTAL-DEPARTMENT OF TAXATION	15,113,597	16,235,655	16,868,967	3.90	17,441,424	3.39
GENERAL FUND	11,970,487	14,577,170	16,082,024	10.32	16,654,232	3.56
BALANCE FORWARD	1,607,538	1,021,635				.00
FEDERAL FUND	12,740					
HIGHWAY FUND	423,290					
INTER AGENCY TRANSFER	6,989		6,989		6,989	
OTHER FUND	1,092,553	636,850	779,954	22.47	780,203	.03

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
DEPARTMENT OF INFORMATION SERVICES						
DoIT DIRECTOR'S OFFICE	1,717,230	1,924,849	2,818,997	46.45	2,686,504	-4.70
BALANCE FORWARD	32,739	103,691	106,604	2.81	175,608	64.73
INTER AGENCY TRANSFER	1,684,491	1,821,158	2,712,393	48.94	2,510,896	-7.43
DoIT PLANNING & RESEARCH UNIT	1,399,933	1,954,034	1,458,954	-25.34	1,449,211	-6.7
BALANCE FORWARD	-75,395	426,494	359,647	-15.67	202,403	-43.72
INTER AGENCY TRANSFER	1,475,328	1,527,540	1,099,307	-28.03	1,246,808	13.42
DoIT APPLICATION DESIGN & DEVELOPM	4,961,575	6,064,023	6,888,985	13.60	7,004,862	1.68
BALANCE FORWARD	582,400	1,028,200	642,831	-37.48	786,255	22.31
INTER AGENCY TRANSFER	4,379,175	5,035,823	6,246,154	24.03	6,218,607	-4.4
DoIT COMPUTING DIVISION	11,271,588	17,988,796	18,602,517	3.41	18,542,654	-3.2
BALANCE FORWARD	-1,608,647	6,109,799	6,026,457	-1.36	6,017,582	-1.15
INTER AGENCY TRANSFER	12,878,610	11,878,997	12,576,060	5.87	12,525,072	-4.1
OTHER FUND	1,625					
DoIT DATA COMMUNICATIONS & TECHNI	3,562,033	5,041,918	5,030,440	-2.3	5,139,320	2.16
BALANCE FORWARD	-94,639	651,050	784,265	20.46	1,134,611	44.67
INTER AGENCY TRANSFER	3,656,672	4,390,868	4,180,766	-4.78	3,957,747	-5.33
OTHER FUND			65,409		46,962	-28.20
DoIT TELECOMMUNICATIONS	3,712,375	3,717,074	5,378,488	44.70	4,917,813	-8.57
BALANCE FORWARD	-430,343	645,245	585,308	-9.29	564,998	-3.47
INTER AGENCY TRANSFER	3,568,865	2,521,411	4,219,327	67.34	3,778,962	-10.44
OTHER FUND	573,853	550,418	573,853	4.26	573,853	
DoIT COMMUNICATIONS	1,274,002	1,797,795	2,271,080	26.33	2,146,072	-5.50
BALANCE FORWARD	-255,113	266,497	204,660	-23.20	362,518	77.13
INTER AGENCY TRANSFER	900,928	1,235,673	1,422,377	15.11	1,326,230	-6.76
OTHER FUND	628,187	295,625	644,043	117.86	457,324	-28.99
TOTAL-DEPARTMENT OF INFORMATION S	27,898,736	38,488,489	42,449,461	10.29	41,886,436	-1.33
BALANCE FORWARD	-1,848,998	9,230,976	8,709,772	-5.65	9,243,975	6.13
INTER AGENCY TRANSFER	28,544,069	28,411,470	32,456,384	14.24	31,564,322	-2.75
OTHER FUND	1,203,665	846,043	1,283,305	51.68	1,078,139	-15.99

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
FINANCE & ADMINISTRATION						
DEPARTMENT OF PERSONNEL						
PERSONNEL	7,260,643	9,399,031	10,372,081	10.35	10,402,674	.29
BALANCE FORWARD	-403,654	1,803,470	627,055	-65.23	597,956	-4.64
INTER AGENCY TRANSFER	7,640,495	7,571,988	9,721,026	28.38	9,780,718	.61
OTHER FUND	23,802	23,573	24,000	1.81	24,000	
STATE UNEMPLOYMENT COMPENSATIO	923,970	1,431,150	1,532,236	7.06	1,688,198	10.18
BALANCE FORWARD	-374,125	980,652	434,576	-55.68	470,493	8.26
INTER AGENCY TRANSFER	1,298,095	450,498	1,097,660	143.65	1,217,705	10.94
TOTAL-DEPARTMENT OF PERSONNEL	8,184,613	10,830,181	11,904,317	9.92	12,090,872	1.57
BALANCE FORWARD	-777,779	2,784,122	1,061,631	-61.87	1,068,449	.64
INTER AGENCY TRANSFER	8,938,590	8,022,486	10,818,686	34.85	10,998,423	1.66
OTHER FUND	23,802	23,573	24,000		24,000	.00
FINANCE & ADMINISTRATION						
GENERAL FUND	12,001,509	54,558,706	26,064,637	-52.23	24,876,637	-4.56
BALANCE FORWARD	4,143,405	53,566,676	15,721,823	-70.65	17,983,360	14.38
FEDERAL FUND	1,646,700	1,464,006	1,521,627	3.94	1,521,627	
HIGHWAY FUND	423,290	15,300,387	4,579,865	-70.07	2,246,825	-50.94
INTER AGENCY TRANSFER	81,468,258	86,695,661	103,376,606	19.24	99,443,301	-3.80
OTHER FUND	35,390,825	29,807,543	32,998,426	10.70	34,488,720	4.52
TOTAL-FINANCE & ADMINISTRATION	135,073,987	241,392,979	184,262,984	-23.67	180,560,470	-2.01
Less: INTER AGENCY TRANSFER	81,468,258	86,695,661	103,376,606	19.24	99,443,301	-3.80
NET-FINANCE & ADMINISTRATION	53,605,729	154,697,318	80,886,378	-47.71	81,117,169	.29

EDUCATION

The education function includes three sub-functions: The Department of Education (K-12); the University and Community College System of Nevada (UCCSN) and other educational programs, which include the Department of Cultural Affairs, the WICHE program, and the Commission on Postsecondary Education. The Governor has recommended General Fund appropriations for education of \$1.29 billion for FY 2003-04, a 30.4 percent increase over FY 2002-03, and \$1.35 billion for FY 2004-05, an additional 4.3 percent increase. Budget requests for education from all funding sources total \$1.80 billion in FY 2003-04, a 17 percent increase, and \$1.88 billion in FY 2004-05, another 4.1 percent increase, after inter-agency transfers are deducted.

EDUCATION (K-12)

DISTRIBUTIVE SCHOOL ACCOUNT

The Department of Education is responsible for the administration of the Distributive School Account (DSA), which is the mechanism for distributing direct state financial aid to Nevada's 17 county school districts that serve over 350,000 students. Direct state aid to public elementary and secondary schools is the largest single expenditure from the state's General Fund. In addition to General Fund support, the Distributive School Account receives revenue from an annual tax on slot machines, investment income from the state's Permanent School Fund, receipts from mineral leases on federal lands, estate tax transferred from the Fund for School Improvement, and local school support tax on out-of-state sales that cannot be attributed to a particular county.

Local school districts receive quarterly apportionments from the DSA based on a count of students enrolled in the district's schools on the last day of the first school month of the school year. A specific amount per student is guaranteed to the school district through a formula, known as the Nevada Plan, which considers the district's economic and demographic characteristics. The Nevada Plan provides a guaranteed amount of basic support per student, plus additional funding for special education program units and programs for adults earning high school diplomas. Funding generated locally from the 2.25-cent local school support (sales) tax and 25 cents of the 75-cent property tax levy for school operations is subtracted from the guaranteed basic support to determine the amount of state aid a school district will receive.

The Executive Budget recommends General Fund appropriations to the DSA of \$825.4 million in FY 2003-04 and \$861.8 million in FY 2004-05, totaling \$1.69 billion for the 2003-05 biennium. This is \$384 million greater than the \$1.3 billion appropriated for the 2001-03 biennium (including a \$71.8 million supplemental appropriation as recommended by the Governor); representing an increase of 29.5 percent. The accompanying table displays the DSA budget as approved by the 2001 Legislature, including actual revenues and expenditures for FY 2001-02, estimates for FY 2002-03, and the Governor's recommendations for the 2003-05 biennium. The statewide average basic support per pupil is recommended to increase from the FY 2002-03 legislatively approved amount of \$3,991 to \$4,259 in FY 2003-04 and \$4,291 in FY 2004-05.

DISTRIBUTIVE SCHOOL ACCOUNT - SUMMARY FOR 2003-05 BIENNIUM						
	2001-02		2002-03		2003-04	2004-05
	Legislature	2001-02	Legislature	2002-03	Governor	Governor
	Approved	Actual	Approved	Estimated	Recommends	Recommends
Total Enrollment *	344,803	344,765	360,931	358,722	371,663	384,908
Basic Support	3,897	3,902	3,991	3,987	4,259	4,291
Total Regular Basic Support **	1,343,769,391	1,351,677,697	1,440,389,161	1,433,147,311	1,583,041,870	1,651,660,982
Class-size Reduction	91,822,619	91,822,619	99,730,291	99,730,291	108,136,562	114,022,267
Special Education ***	72,004,754	72,004,752	76,868,064	76,868,064	83,185,765	87,866,476
Special Units/Gifted & Talented	157,168	116,971	167,321	167,321	181,067	190,877
Adult Diploma Education	14,692,482	14,671,612	15,641,566	15,641,566	16,926,569	17,843,596
NRS Adjustments	0	157,102	0	0	0	0
School Improvement Programs:						
Remediation	6,750,000	5,710,014	6,750,000	6,239,566	6,179,109	6,513,874
Professional Development	4,695,530	4,695,530	5,500,775	5,500,775	5,952,681	6,275,178
NV Early Literacy Program	4,500,000	4,431,127	4,500,000	4,500,000	4,500,000	4,500,000
Special Funding:						
School-to-Careers	500,000	500,000	0	0	0	0
Early Childhood Education	3,500,000	2,595,583	3,500,000	3,500,000	2,595,583	2,595,583
High Impact/Spec Stipends	0	0	0	0	16,273,991	16,853,345
Kindergarten Transition	0	0	0	0	4,059,200	20,151,615
Special Student Svcs/Counseling	850,000	850,000	850,000	850,000	850,000	850,000
Special Transportation (Lyon Cty)	44,675	47,715	44,675	47,715	47,715	47,715
Total Required State Support **	1,543,286,619	1,549,280,722	1,653,941,853	1,646,192,609	1,831,930,112	1,929,371,507
LESS						
Local School Support Tax (LSST)	(675,960,978)	(644,428,774)	(715,166,715)	(677,939,070)	(712,513,963)	(752,414,745)
25c Property Tax	(132,381,684)	(131,796,116)	(144,666,704)	(144,666,704)	(159,067,666)	(173,705,519)
Total State Share	734,943,957	773,055,832	794,108,434	823,586,835	960,348,483	1,003,251,244
STATE SHARE ELEMENTS						
General Fund	588,121,907	588,121,907	642,986,176	642,986,176	825,391,050	861,796,144
General Fund - FY 02 from FY 03	0	43,852,000	0	(43,852,000)	0	0
DSA Share of Slot Tax Income	39,978,440	38,429,229	40,222,309	38,228,878	38,303,623	39,898,127
Permanent School Fund Income	4,994,428	4,765,750	4,994,428	4,600,550	4,704,000	5,497,188
Federal Mineral Land Lease Income	2,412,306	3,655,780	2,412,306	5,085,209	5,237,765	5,394,898
Out of State LSST Income	69,936,876	63,841,496	73,993,215	67,161,254	70,586,478	74,539,320
Fund for Sch Improvement Income	29,500,000	29,500,000	29,500,000	37,356,164	16,125,566	16,125,566
Prior Year Refunds		947,250		212,684		
Balance Forward				57,580		
Total State Share Elements	734,943,957	773,113,412	794,108,434	751,836,494	960,348,483	1,003,251,244
Balance (To/From General Fund)		57,580		(71,750,340) *	0	0
		No. of Units	\$ per Unit		No. of Units	\$ per Unit
*** Special Education Units	2001-02	2,402	29,977.00	2003-04	2,615	31,811.00
	2002-03	2,514	30,576.00	2004-05	2,708	32,447.00
NET CHANGE IN BIENNium APPROPRIATION REQUIREMENT						384,328,771
* FY 02 & 03 Apportioned and FY 04 & 05 Weighted						
** Totals May Not Balance Due to Rounding						
*** Special Education Unit funded separately from Basic Support						
**** Supplemental Appropriation Required by 2003 Legislature						

LOCALLY-GENERATED REVENUE

Local School Support Tax: Actual collections of the local school support tax (LSST) in FY 2001-02 were 1.3 percent higher than actual collections in the prior year. For the first five months of FY 2002-03, collections were up 4.9 percent over last year. The Governor projects LSST collections will increase 5.1 percent in the first year of the 2003-05 biennium and 5.6 percent in the second year.

Property Tax: Based on the estimates of assessed valuation developed by the Department of Taxation, The Executive Budget predicts a 9.95 percent increase in property tax in FY 2003-04 over the projected FY 2002-03 collections, and a 9.2 percent increase in FY 2004-05.

Local government services taxes, formerly called the motor vehicle privilege tax, are estimated to reach \$67.3 million in FY 2003-04 and \$71.2 million in FY 2004-05 compared to the FY 2001-02 actual collections of \$60.2 million and the projected collections for FY 2002-03 of \$62.3 million.

ENROLLMENT

Each school district's guaranteed level of funding is determined by multiplying the basic support per pupil by the weighted enrollment. Weighted enrollment equals a full count of pupils enrolled in grades 1 through 12, including children with disabilities enrolled in special education programs within a district, plus six-tenths of the count of pupils enrolled in kindergarten or programs for 3- and 4-year-olds with disabilities. Handicapped preschoolers and kindergarten pupils are only counted as six-tenths of a pupil because they typically attend school for half a day or less. The following chart compares audited weighted enrollment numbers by fiscal year and the percent increase each year over the preceding year:

1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Estimated	2003-04 Gov Rec	2004-05 Gov Rec
271,725	285,990	300,116	314,149	330,009	344,765	358,722	371,663	384,908
6.5%	5.2%	4.9%	4.7%	5.0%	4.5%	4.0%	3.6%	3.6%

Weighted enrollment increased by approximately 8.7 percent over the 2001-03 biennium, to 358,722 students in FY 2002-03, compared to the 360,931 projected by the 2001 Legislature. The Executive Budget projects an enrollment increase of 3.61 percent in FY 2003-04 over the FY 2002-03 estimated weighted enrollment and an increase of 3.56 percent in FY 2004-05.

POSITIONS AND SALARIES

The Executive Budget recommends a cost-of-living salary increase of 2 percent for school district employees effective July 1, 2003, as discussed during the 2001 Legislative Session.

SPECIAL EDUCATION

For FY 2002-03, the state is funding 2,514 special education units at \$30,576 each, totaling \$76.9 million. For the 2003-05 biennium, the Governor recommends 2,615 special education

units, at a cost of \$31,811 each or \$83.2 million for FY 2003-04, and 2,708 special education units, at a cost of \$32,447 each or \$87.9 million for FY 2004-05, an increase of 8.2 percent and 5.6 percent, respectively, to accommodate growth in enrollment and roll-up costs for special education programs.

Additional special education funding is also provided in the current biennium for five special education program units to be authorized by the State Board of Education for instructional programs incorporating education technology for gifted and talented pupils. For the current biennium, \$157,168 and \$167,321 was authorized for FY 2001-02 and FY 2002-03, respectively. The Executive Budget recommends continued funding in the amounts of \$181,067 and \$190,877 for FY 2003-04 and FY 2004-05, respectively.

CLASS-SIZE REDUCTION

During the 12 years that the Class-size Reduction (CSR) program has been implemented in the state, a total of \$762 million in state funds has been spent to pay for teachers to reduce pupil-teacher ratios. Funding was provided by the 2001 Legislature to maintain throughout the 2001-03 biennium pupil-teacher ratios of 16 to 1 in first and second grades and 19 to 1 in third grade. The Legislature also continued 23.5 teachers hired to reduce the pupil-teacher ratio in certain kindergartens with large numbers of students considered at risk of failure.

The 2001 Legislature again granted authority for school districts to carry out alternative programs for reducing the ratio of pupils per teacher or to implement programs of remedial education that have been found to be effective in improving pupil achievement in grades 1, 2, and 3. In addition, Elko County School District was again granted authority to continue the CSR demonstration project that was first authorized by the 1999 Legislature. For this project, the district is authorized to utilize the funding provided by the Legislature for CSR to implement pupil-teacher ratios of 22 to 1 in kindergarten through grade 6, with a requirement that the project be evaluated by the school district.

For FY 2003-04, The Executive Budget recommends \$108.1 million in funding for class-size reduction; \$114 million is recommended for FY 2004-05. This represents an increase of 8 percent and 14 percent when compared to the FY 2002-03 work program amount of \$99.7 million. These amounts are recommended to maintain the CSR program at its current pupil-teacher ratios and to maintain lower ratios in selected “high-risk” kindergartens.

SCHOOL IMPROVEMENT PROGRAMS

In addition to the per-pupil guarantee, the Governor is recommending funds for school improvement programs. For the 2003-05 biennium, funding for remediation programs for low-performing schools and at-risk pupils is recommended to be \$12.7 million, a reduction of \$800,000 (6 percent decrease) in the amount approved by the 2001 Legislature. Continued funding for the Regional Professional Development programs is recommended at \$12.2 million for the 2003-05 biennium. The Governor is also recommending \$9.0 million for the 2003-05 biennium for continuation of the Nevada Early Literacy Intervention Program; this program was

approved by the 2001 Legislature to assist the state in reaching the goal of all pupils reading at grade level by the end of third grade.

SPECIAL FUNDING

The 2001 Legislature increased funding for early childhood education from \$1.0 million for the 1999-2001 biennium to \$7.0 million for the 2001-03 biennium. The additional funds were for competitive grants to school districts and community-based organizations for early childhood programs. For the 2003-05 biennium, the Governor recommends \$2.6 million in each fiscal year of the biennium to continue the early childhood programs at the FY 2001-02 actual amount; this represents a 26 percent decrease in funds from the amount approved for the 2001-03 biennium.

The Governor is also recommending special stipend programs for certain educational personnel. For the 2003-05 biennium, \$17.4 million is recommended to implement a new stipend program for high impact positions in the school districts, including math teachers, English as a Second Language (ESL) teachers, special education teachers, and psychologists. Stipends for high impact positions would be \$3,000 per position annually. The Governor is also recommending \$15.8 million over the 2003-05 biennium to implement a new stipend program for teachers in “at-risk” schools. Stipends for teachers would be \$2,000 per position annually.

Finally, the Governor is recommending new funding to transition kindergarten into a full-time program. In order to begin implementation of the program, the Governor recommends a total of \$24.2 million over the 2003-05 biennium to implement full-day kindergarten in “at-risk” schools. Of this amount, the Governor recommends \$4.1 million in FY 2003-04 and \$2.5 million in FY 2004-05 for portables for additional kindergarten classrooms that will be required for implementation of the new program.

DEPARTMENT OF EDUCATION

The Executive Budget recommends total funding for the Department of Education (excluding the Distributive School Account) in the amount of \$212.8 million in FY 2003-04 and \$216.9 million in FY 2004-05, an increase of 39.7 percent for the 2003-05 biennium compared to the 2001-03 biennium. Of this amount, General Fund support is increased to \$17.2 million in each fiscal year of the upcoming biennium, for a total of \$34.3 million for the biennium. The amount of General Fund recommended represents an increase of \$10.3 million, a 42.6 percent increase, with most of this increase being attributable to ongoing funding for programs that were previously funded with one-time appropriations.

New full-time positions recommended in The Executive Budget include an Administrative Assistant to provide support for staff assisting the increasing number of schools classified as needing improvement; the re-authorization of a Computer Systems Programmer for the SMART student records system; and an Education Consultant and an Administrative Assistant for the federally-funded Project Promise program.

The Executive Budget recommends \$5.0 million in each year of the 2003-05 biennium to continue the \$2,000 signing bonuses for teachers who are newly hired by school districts during the 2003-05 biennium.

Also included in The Executive Budget is recommended funding in the amount of \$285,460 in FY 2004-05 to support, for the first time, nationally certified school counselors and school psychologists.

SMART STUDENT RECORDS

The Statewide Management of Automated Record Transfer (SMART) System is scheduled to be fully functioning by the end of March 2003. The goal of this system, which was established during the 1995 Legislative Session, is to allow the ready and convenient access of student information for legislators, schools, school districts, and state administrators, as well as state and local school boards. The Governor recommends state General Fund in the amount of \$1.4 million in each fiscal year of the 2003-05 biennium to support ongoing maintenance and staffing of the SMART program, as well as funding to continue third party contract services for the completion of the SMART program and the provision of training.

TEACHER EDUCATION AND LICENSING

The Teacher Education and Licensing budget includes the Commission on Professional Standards in Education, which is charged with the adoption of regulations pertaining to the licensing of teachers and other educational personnel. Teacher licensing staff is responsible for implementation and enforcement of the standards adopted by the Commission on Professional Standards in Education. Licensing staff is also responsible for determining eligibility, approving and issuing licenses for teachers and other educational personnel.

The Executive Budget recommends an increase for Licenses and Fees revenue of nearly \$130,000, to \$1,002,037 in FY 2003-04 (15 percent increase) over the base year. For FY 2004-05, the Governor recommends \$979,396 in Licenses and Fees. This revenue source is based upon the following fees for licenses: Initial license - \$100, Renewal - \$80, and Endorsement in a field of specialization - \$45.

NO CHILD LEFT BEHIND ACT

On January 8, 2002, the revised Elementary and Secondary Education Act (ESEA) was signed into law; this law is commonly referred to as the "No Child Left Behind Act" (NCLBA). This new law sets deadlines for states to expand the scope and frequency of student testing, revamp accountability systems, and guarantee that every classroom is staffed by a teacher qualified to teach in his or her subject area. In addition, it requires states to make demonstrable progress from year to year in raising the percentage of students proficient in reading and math, and in narrowing the test-score gap between advantaged and disadvantaged students. In order to comply with the new requirements, the law presents states with a range of new resources, tools and opportunities. This new law will greatly affect the school districts, as well as the state as a whole over the 2003-05 biennium.

IMPROVING AMERICA’S SCHOOLS – TITLE I

Title I programs provide federal assistance to improve instructional programs for educationally disadvantaged students. The programs are directed toward schools with a high concentration of low-income families, large numbers of children of migratory agricultural workers, or schools with educationally disadvantaged students such as Limited English Proficient (LEP) students. Under the federal NCLBA, prior accountability issues such as Adequate Yearly Progress (AYP), which were restricted to Title I identified schools, have been extended to ALL schools.

The Executive Budget includes federal funds of \$47.7 million for each fiscal year of the 2003-05 biennium for Title I programs; this is a 57 percent increase in funds when compared to the actual amount received in FY 2001-02. Of this amount, \$39.5 million in each year of the biennium will go directly to Title I identified schools; \$1.1 million in each year of the biennium will continue the federal Even Start program, and \$3.9 million in each year of the biennium will be used for the new Reading First program (Under the NCLBA, Reading First replaces the Reading Excellence Act (REA) grant).

IMPROVING AMERICA’S SCHOOLS – TITLES II, V, AND VI

Four of the programs included in the NCLB federal legislation are included in this budget account. The Governor’s 2003-05 biennium budget includes the following grant amounts: Title II-Teacher Quality Grant, \$13.6 million in each fiscal year of the biennium; Title II-Education Technology Grant, \$3.1 million in each fiscal year of the biennium; Title V-Innovative Education Grant, \$2.5 million in each fiscal year of the biennium; and Title V-State Assessment Grant, \$4.4 million in each fiscal year of the biennium.

PROFICIENCY TESTING

Since 1977, the Legislature has required statewide testing to measure how Nevada’s pupils compare to those in other states and the nation as a whole. Beginning in 1995, the Legislature has fully funded the costs of state-required tests. With implementation of the NCLBA, the current proficiency testing and accountability system in the state of Nevada will be significantly affected. Under the NCLB Act, reading and math tests must be given annually in grades 3 through 8 and one high school grade starting in FY 2005-06 and the state accountability system must take into account the achievement of all public elementary and secondary school students. The Executive Budget recommends state General Funds of approximately \$4.0 million in each year of the 2003-05 biennium to continue the state-testing program.

GEAR UP

The state of Nevada was awarded the GEAR UP federal grant in fall 2001. The goal of Nevada GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) is to help more low-income students become prepared academically and financially to enter into and succeed in college. Nevada GEAR UP is operated by the Nevada Department of Education, in conjunction with the Nevada Governor’s Office, the Nevada Treasurer’s Office, and the UCCSN. The Executive Budget includes \$1.2 million in federal funds for each fiscal year of the 2003-05 biennium to continue this program.

UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA (UCCSN)

The University and Community College System of Nevada (UCCSN) is governed by a Board of Regents that was recently expanded to 13 members. The system is comprised of the Chancellor's Office; the University of Nevada, Reno; the University of Nevada, Las Vegas; the Nevada State College at Henderson; the Community College of Southern Nevada (CCSN); Western Nevada Community College (WNCC); Great Basin College (GBC); Truckee Meadows Community College (TMCC); the UNR School of Medicine, the UNLV Law School, the UNLV Dental School and the Desert Research Institute (DRI). UCCSN budgets are primarily formula-driven and presented by functional areas including instruction, research, public service, academic support, student services, institutional support, operation and maintenance, and scholarships.

The Governor recommends \$1.26 billion to fund the UCCSN during the 2003-05 biennium, representing an increase of \$238.1 million or 23.2 percent over the \$1.03 billion approved by the 2001 Legislature. The Executive Budget includes \$890.74 million in state General Fund appropriations or 24.2 percent more than the \$717.44 million approved for the 2001-03 biennium. The \$374.02 million balance includes student fees, estate tax and other UCCSN revenues.

The Governor's budget allocates roughly 18.55 percent of available General Fund appropriations to the UCCSN in FY 2003-04 and 18.50 percent in FY 2004-05. For the 2003-05 biennium, the UCCSN General Fund allocation is 18.52 percent of available appropriations.

ESTATE TAX REVENUES AND EXPENDITURES

The 2001 Legislature authorized estate tax allocations of \$37.0 million in FY 2001-02 and \$38.0 million in FY 2002-03 totaling \$75.0 million for the 2001-03 biennium. During the 2001-03 interim, the Interim Finance Committee (IFC) authorized an additional \$3.0 million estate tax allocation bringing the FY 2002-03 total authorization to \$41.0 million. The Executive Budget continues the use of estate tax revenues in the upcoming biennium, with adjusted base expenditures at \$40.3 million in FY 2003-04 and \$40.5 million in FY 2004-05. To fund several maintenance items, the Governor allocates an additional \$6.7 million and \$5.1 million in estate tax revenues to bring total estate tax allotments to \$47.0 million and \$45.6 million in FY 2003-04 and FY 2004-05 respectively. For the 2003-05 biennium, recommended estate tax expenditures total \$92.6 million.

Pursuant to *The Economic Growth and Tax Relief Reconciliation Act of 2001* (H.R. 1836), estate tax is being phased out as a revenue source. For Nevada, which imposes an estate tax only to the extent of any federal credit, the state estate tax credit is reduced by 25 percent in 2002, by 50 percent in 2003 and by 75 percent in 2004. In 2005, the state estate tax credit is repealed entirely. The Act also changes estate tax exemptions from \$675,000 in 2001 to \$1.0 million in 2002 and to \$1.5 million in 2004. With the phase-out of the estate tax, it is possible that current estate tax balances and future receipts could be exhausted by the end of the 2003-05 biennium.

NRS 375A.705 provides that the UCCSN may spend any money in the estate tax account that is not part of the principal necessary to yield income of \$2.5 million per year. The proposed

expenditure plan would almost certainly leave UCCSN's estate tax endowment short of the principal required to generate the \$2.5 million a year. To implement the Governor's budget, a bill draft request (BDR) will be needed to eliminate the interest generation requirement.

ADJUSTED BASE BUDGET

The adjusted base recommendations for all UCCSN budgets total \$541.2 million in FY 2003-04 and \$549.8 million in FY 2004-05. These amounts are 8.4 and 10.1 percent higher respectively than the FY 2001-02 actual amount of \$499.3 million. The Governor's adjusted base budget funds operating expenditures at the amounts budgeted for FY 2002-03, with the following notable adjustments:

- A 2.5 percent merit pool is included for professional employees each year (excluding positions at or above the Assistant Dean's level). Merit pay funding modifications recommended by the Governor are described in the maintenance section of the budget.
- Merit step increases are provided for eligible classified positions.
- Contractual obligations (e.g., maintenance agreements) are adjusted to current amounts.
- Funding is continued for higher utilities costs (Senate Bill 8 of the 17th Special Session).
- Estate tax funding augmentations of \$388,108, approved by IFC on June 18, 2002, are continued to cover the School of Medicine's state supported share of medical malpractice insurance cost increases.
- Also on June 18, 2002, the IFC approved nearly \$2.6 million of estate tax funds to remedy a funding shortfall at the Community College of Southern Nevada (CCSN); the augmented level of estate tax funding is continued in the adjusted base.
- Desert Research Institute (DRI) Weather Modification funding approved by the IFC is removed from the base. UCCSN sought to continue the program in DRI's adjusted base budget. The Governor denied the request and elected not to include the program as a maintenance or enhancement item. The Governor recommends the Legislature continue to allow the DRI to approach the IFC for contingency fund allocations as necessary.

The Governor recommends vacancy savings of one percent for professional positions and three percent for classified positions. Budgeted vacancy savings total \$6.3 million in FY 2003-04 and \$6.4 million in FY 2004-05. Historically, vacancy savings of one and three percent are included for formula-funded accounts. However, for non-formula accounts, vacancy savings are usually budgeted at two percent for professional positions and three percent for classified. The Governor's budget did not employ the historic vacancy factors for non-formula accounts.

MAINTENANCE ITEMS

Maintenance recommendations total \$77.00 million in FY 2003-04 and \$96.74 million in FY 2004-05. General Fund appropriations represent \$61.86 million and \$75.95 million of the totals in FY 2003-04 and FY 2004-05 respectively. The Governor recommends continued use of the formulas developed by the Committee to Study the Funding of Higher Education (CSFHE).

- **Inflation:** The Governor recommends a total of \$1.76 million in FY 2003-04 and \$2.37 million in FY 2004-05 to fund inflationary increases for: software and hardware maintenance agreements; property, bond, tort and vehicle insurance; medical malpractice insurance premiums; and printing raw materials and shipping costs.
- **Formula Funding:** The Governor recommends a total of \$54.2 million in FY 2003-04 and \$68.0 million in FY 2004-05 to fund UCCSN functional formulas. General Fund appropriations comprise \$46.1 million and \$52.6 million of the totals recommended in FY 2003-04 and 2004-05 respectively. The 2001 Legislature approved formula funding at 81.55 percent of the calculated amount in FY 2001-02 and 80.29 percent in FY 2002-03. The amounts recommended by the Governor increase formula allocations to 86 percent of the calculated amounts in each year of the biennium.

The CSFHE recommended a hold harmless provision to allow individual institutions to retain base funding levels when the formula recommendations fall below the base amount. At the 86 percent formula funding level, only one institution – TMCC – falls into a hold harmless situation. The Executive Budget does not recommend holding TMCC harmless.

The Executive Budget includes a salary equity pool for UNLV as recommended by the CSFHE. The pool provides a source of funding that should, over time, eliminate faculty salary inequities that currently exist between UNR and UNLV. The CSFHE envisioned the pool would be funded for a period of three biennia.

- **New Space (O&M):** The Governor recommends General Fund appropriations of \$4.5 million in FY 2003-04 and \$5.9 million in FY 2004-05 to support operating and position costs for new space added or anticipated to be added during the 2003-05 biennium. The Governor's budget endorses UCCSN's recommendation to introduce state support to assist in operating the UNR Fire Science Academy (FSA) in Carlin. The New Space module includes approximately \$615,000 in annual General Fund appropriations to fund 8.94 FTE positions (\$349,000 per year) and general operating costs (\$266,000 per year) at the FSA.
- **Recharge Proration and New Space Rental Costs:** The Governor's budget prorates Operations and Maintenance costs to UNR area budgets through a recharge distribution. The Executive Budget also includes \$254,848 per year for new TMCC rental space.
- **System Capacity Expansions:** A total of \$5.57 million in estate tax funding is recommended for the biennium to expand hardware and software and to fund ongoing maintenance costs for the Student Information System, the Financial/Human Resources System and the data

warehouse platforms. Funding is included for network growth to add connections to the UNR/TMCC Redfield campus and the UNLV Dental School locations. The Governor did not recommend funding for the new budget system requested by the UCCSN.

- EPSCoR Grant Match: The Governor recommends estate tax allocations totaling \$800,000 for the 2003-05 biennium to support new grant awards and programs associated with the Experimental Program to Stimulate Competitive Research (EPSCoR).
- UNLV Dental School Enrollment Growth: The Governor recommends \$5.27 million in estate tax funding for the 2003-05 biennium to fund enrollment growth at the UNLV Dental School. The module includes 24 new positions in FY 2003-04 and 29 additional positions in FY 2004-05 for a total of 53 new positions for the biennium. With the exception of one position allocated to the Dean's office, all new positions are recommended in the instruction function to support clinical sciences, basic sciences, and patient care services.
- Fringe Benefit Adjustments: The Executive Budget includes \$9.5 million in FY 2003-04 and \$15.0 million in FY 2004-05 to fund fringe benefit cost increases in retirement, group health insurance, retired employees group insurance and personnel assessments. Although employees in the UCCSN self-supporting budgets benefit from retired employees group insurance, the self-supporting budgets have not previously been assessed for the benefit. The Budget Division indicates that UCCSN's self-supporting budgets will be subject to the retired employees group insurance assessment during the 2003-05 biennium.
- Occupational Study: A total of \$52,722 is recommended in each fiscal year of the 2003-05 biennium to reclassify UCCSN classified positions in the library and archives occupational group pursuant to a recent study completed by the Department of Personnel. In a January 3, 2003 memo to Governor Guinn, Chancellor Nichols also requested salary improvements for the university police classification at a cost of nearly \$300,000 per year. The Executive Budget does not fund the requested adjustments.
- Adjustments to Merit Pay Calculations: The Governor's budget reduces merit pay funding by \$62,066 in FY 2003-04 and \$121,927 in FY 2004-05 for professional positions at or beyond the maximum pay levels established in UCCSN salary scales. The reductions are calculated on the incremental difference between the maximum and current salary levels.
- Federal Animal Welfare Act: The Governor recommends a General Fund appropriation of \$110,000 to the School of Medicine in FY 2004-05 to restore the Director of Laboratory Animal Medicine position to full time and to solidify the Associate Director's position. UCCSN indicates the Associate Director position was added in 1999 and funded through a reduction in time for the Director and soft money from several sources.
- Safe Drinking Water Act: The Governor recommends \$117,026 in FY 2003-04 and \$5,490 in FY 2004-05 primarily to purchase equipment needed to comply with new EPA regulations. According to the UCCSN, effective December 8, 2003, the EPA will require public water systems to be regulated for Radium 228 and Uranium.

ENHANCEMENT DECISION MODULES

There is one nominal-cost enhancement in The Executive Budget that provides \$3,854 per year to the National Direct Student Loan program (NDSL) to restore funding to FY 2002-03 work program levels. The Governor's enhancement recommendations do not include any of the 15 "Items for Special Consideration" requested by the UCCSN Board of Regents. The table below summarizes unfunded Items for Special Consideration totaling \$66.65 million requested by the UCCSN but not recommended by the Governor. The requests (representing millions) are listed in the priority order identified by the UCCSN:

<u>Item for Special Consideration</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
#1-Formula Taxonomy and Ratio Adjustments	\$2.24	\$2.23	\$4.47
#2-Dental School Equipment	\$4.70	\$0.00	\$4.70
#3-Workforce Development Challenge Grants	\$1.50	\$1.50	\$3.00
#4-Indirect Cost Recovery	\$3.56	\$3.57	\$7.13
#5-Technology Support	\$5.54	\$4.51	\$10.05
#6-Part-Time Faculty Salaries	\$1.62	\$3.23	\$4.85
#7-P-16 Council	\$0.04	\$0.04	\$0.08
#8-Athletic Fee Waivers-Gender Equity	\$1.76	\$1.78	\$3.54
#9-General Equipment – Non-Formula	\$10.46	\$0.00	\$10.46
#10-Graduate Assistants Health Insurance	\$0.73	\$0.73	\$1.46
#11-Non-Formula Initiatives	\$1.96	\$2.02	\$3.98
#12-Veterinary Technician Program	\$0.24	\$0.19	\$0.43
#13-Sponsored Research for System Administration	\$0.13	\$0.13	\$0.26
#14-System Internal Auditors	\$0.07	\$0.07	\$0.14
#15-Double Nursing Capacity	<u>\$5.47</u>	<u>\$6.63</u>	<u>\$12.10</u>
Totals	\$40.02	\$26.63	\$66.65

Priority item number one (formula taxonomy and ratio adjustments) was submitted in response to a letter of intent from the money committees whereby UCCSN was directed to develop a consistent course cost classification system (taxonomy). In compliance with the letter, UCCSN provided quarterly reports to the Interim Finance Committee. The request represents only partial funding for the taxonomy changes. If fully funded, the new course cost classification methodology would increase costs by \$9.3 million during the 2003-05 biennium.

UCCSN's plan to double nursing program capacity (item#15 above) was submitted pursuant to the provisions of AB 378 of the 2001 Legislative Session.

COMMUNITY COLLEGE OF SOUTHERN NEVADA ORGANIZATIONAL STUDY

Pursuant to AB 454 of the 2001 Legislative Session, UCCSN submitted a report explaining the results of an organizational study of the Community College of Southern Nevada (CCSN). The report notes that the CCSN organizational advisory committee endorses an independent consultant's recommendation to leave the CCSN intact as one institution for the near future with a review to occur again in five to eight years based on demographic projections and enrollment trends.

PROPOSED STUDENT FEES

As proposed by the Board of Regents, the Governor recommends resident fee and non-resident tuition increases ranging from 1.7 percent to 9.4 percent per year.

Current and projected fee schedules are provided below:

Type of Institution/Fee	Current FY 2003	Regent Apprvd FY 2004	% Change	Regent Apprvd FY 2005	% Change
Community Colleges					
Resident	\$45.50/credit	\$47.25/credit	3.8%	\$49.00/credit	3.7%
Upper Div (GBC)	\$62.00/credit	\$66.00/credit	6.5%	\$70.00/credit	6.1%
Non-Resident	\$4,430/year	\$4,507/year	1.7%	\$4,692/year	4.1%
Nevada State College					
Resident	\$62.00/credit	\$66.00/credit	6.5%	\$70.00/credit	6.1%
Non-Resident	\$5,940/year	\$6,497/year	9.4%	\$6,676/year	2.8%
Universities					
Resident	\$79.00/credit	\$ 85.00/credit	7.6%	\$ 91.00/credit	7.1%
Graduate	\$107.00/credit	\$115.00/credit	7.5%	\$123.50/credit	7.4%
Non-Resident	\$7,785/year	\$8,487/year	9.0%	\$8,674/year	2.2%

The Executive Budget recommends implementing the Regents' plan whereby significant portions of the annual increases are directed to the UCCSN capital and general improvement fee funds and student access fund. The portions of fee revenues dedicated to the Capital and General Improvement Fee funds and to Student Access are not reflected in the state-supported budget. The proposed fee-increase distribution is described in the table below:

	Univ-undergrad		Univ-grad		NSC/GBC uppr		Comm Colleges	
Fee Increase Distribution	FY 04	FY 05	FY 04	FY 05	FY 04	FY 05	FY 04	FY 05
Cap/Gen Improvement	\$2.00	\$2.00	\$2.00	\$2.00	\$1.00	\$1.00	\$0.50	\$0.50
Student Access	\$2.00	\$2.00	\$3.00	\$3.25	\$1.50	\$1.50	\$0.50	\$0.50
General Fund	\$2.00	\$2.00	\$3.00	\$3.25	\$1.50	\$1.50	\$0.75	\$0.75
Total Increase	\$6.00	\$6.00	\$8.00	\$8.50	\$4.00	\$4.00	\$1.75	\$1.75

According to information provided by the UCCSN, the additional non-General Fund portion of the fee increases would generate approximately \$4.48 million in FY 2003-04 and \$9.62 million in FY 2004-05 system-wide. Of these totals, \$2.16 million in FY 2003-04 and \$4.61 million in FY 2004-05 would be dedicated to student access to support scholarships to low-income students. UCCSN plans to dedicate the bulk of the balance to capital improvements. However, NSCH, WNCC and GBC plan to avail themselves of the Regents' option of placing small portions of the increases into their general improvement fee funds.

UCCSN charges students a technology fee of \$4 per credit that has been in effect since the Spring 2000 semester. The technology fee provides supplemental funding for campus technology needs and is not included in the state-supported budget and is not reflected in the per credit charges listed in the student fee table above. According to information provided by the UCCSN, the technology fee should generate revenues amounting to \$6.60 million in FY 2003-04 and \$6.98 million in FY 2004-05 system-wide.

The Governor proposes to continue the policy authorizing campuses that exceed legislatively-approved student enrollment revenues to approach the IFC for authority to use excess revenues to address the impact of higher than budgeted student enrollment.

STUDENT ENROLLMENTS

With the exception of Great Basin College and the Nevada State College at Henderson, The Executive Budget FTE enrollment projections are based on a weighted three-year rolling average as recommended by the Committee to Study the Funding of Higher Education. System-wide, The Executive Budget anticipates an increase of 9.4 percent above the FY 2002-03 budgeted enrollments in FY 2003-04 and an additional 6.1 percent increase in FY 2004-05. Listed below are the Governor's recommended FTE student enrollments by institution, excluding the Dental and Medical Schools and the Boyd School of Law:

Institution	FY 01 Actual	FY 02 Budgeted	FY 02 Actual	FY 03 Budgeted	FY 04 Projected	FY 05 Projected
UNR	10,172	9,931	10,449	10,355	11,989	12,842
UNLV	15,473	15,084	16,042	15,525	18,081	19,196
NSC	0	0	0	500	300	500
CCSN	14,309	15,247	15,208	16,247	17,054	18,059
GBC	1,321	1,395	1,203	1,474	1,258	1,289
TMCC	4,766	4,918	4,898	5,075	5,168	5,308
WNCC	2,060	2,081	2,149	2,102	2,264	2,323
UCCSN Total	48,101	48,656	49,949	51,278	56,114	59,517
% Change		*	2.7%	2.7%	9.4%	6.1%

*Due to the Student Credit Hour (SCH) conversion, FTEs for the universities for FY 02 and later are not comparable to pre-FY 02 FTEs. The SCH/FTE conversion factor for graduate students in FY 01 and earlier was 16. Beginning in FY 02, the SCH/FTE conversion factor is 24 for masters classes and 18 for doctoral classes. The factor change has the effect of lowering FTE counts at the universities.

Great Basin College experienced an FTE enrollment decline in FY 2001-02. The Executive Budget deviates from the three-year weighted average projection methodology at GBC. UCCSN indicates that because FY 2001-02 is weighted most heavily in the projection model (at 50 percent), projected enrollments for FY 2003-04 and FY 2004-05 would drop sharply if the methodology was employed. The Committee to Study the Funding of Higher Education allowed that UCCSN may propose an adjustment factor to recognize unique circumstances.

Fall 2002 enrollment at Nevada State College at Henderson totaled 116 FTE students. The Budget Division indicates recommended funding levels would provide formula funding for approximately 300 FTE in FY 2003-04 and 500 FTE in FY 2004-05.

CAPITAL IMPROVEMENTS

The Governor recommends \$102.45 million in funding for UCCSN Capital Improvement Program and maintenance, repair and renovation projects during the 2003-05 biennium. General Obligation bonds are recommended as the funding source for \$71.95 million of the total amount recommended for capital improvements. The remaining \$30.5 million would be funded from

donations, campus contributions and SHECC revenues. A breakdown of the recommended projects is as follows:

Project #	Description	G.O. Bonds	Other Funding	Total Funding
03-C02	Campus Fire Flow Pump Station-TMCC/DRI	\$879,193	\$0	\$879,193
03-C03	Furnishing/build-out – TMCC High Tech	\$1,646,118	\$0	\$1,646,118
03-C04	CCSN Cheyenne Telecommunications – FF&E	\$3,999,999	\$0	\$3,999,999
03-C21	CCSN West Charleston Health Science Bldg	\$19,807,537	\$500,000	\$20,307,537
U	Campus Improvements	\$10,000,000	\$0	\$10,000,000
U/Leg	Campus Improvements	\$0	\$5,000,000	\$5,000,000
03-C23	UNLV Science, Engineering & Tech Complex	\$35,488,232	\$25,000,000	\$60,488,232
P5.6	GBC-Design Electrical & Industrial Tech Bldg	\$132,977	\$0	\$132,977
	Totals	\$71,954,056	\$30,500,000	\$102,454,056

WICHE

In 1959, the Nevada Legislature approved Nevada’s participation as a member of the Western Interstate Commission for Higher Education (WICHE) to provide educational assistance to students seeking education in various professional fields of study not offered by higher education institutions within the state. The 1997 Nevada Legislature expanded the mission of WICHE to include the Health Care Access Program (HCAP). This program provides funds and educational opportunities to students in exchange for a two-year practice obligation to serve the medically under-served population of the state; in-state programs, as well as out-of-state programs are authorized under the HCAP. Students enrolled in the HCAP are not required to monetarily pay back any portion of the support fee; however, there is a penalty for not fulfilling the practice obligation.

The Executive Budget recommends funding to meet an increase in dues for Regional WICHE, as well as a new pilot program for the purpose of obtaining new matching federal funds for dental slots under the HCAP program. This proposed program targets dental school licensed graduates instead of students just beginning a dental school program. The intent of this program is to minimize the risks of student dropouts and failure to obtain licensure, while increasing the provision of dental services in the under-served communities of the state.

DEPARTMENT OF CULTURAL AFFAIRS

The 1993 Legislature approved the creation of a new Department of Museums, Library and Arts. As part of the Governor’s reorganization proposal, the Department of Museums and History was combined with the State Library and Archives System, the Division of Historic Preservation and Archeology and the Comstock Historic District, formerly a part of the Department of

Conservation and Natural Resources, and the Nevada Arts Council. The 2001 Legislature, with approval of SB 541, renamed the department to the Department of Cultural Affairs.

The department currently operates with 164.55 FTE positions. The Executive Budget recommends the elimination of 10.89 positions in FY 2003-04, leaving a total of 153.66 FTE positions. The total budget for the department is recommended to decrease –0.66 percent in FY 2003-04 and increase 0.77 percent in FY 2004-05. The General Fund support for the department is recommended to increase 37.7 percent during the 2003-05 biennium as compared to the 2001-03 biennium, primarily due to the loss of financial support from the Commission on Tourism (room tax receipts). The Department of Cultural Affairs was authorized to receive \$4,797,374 in room tax revenues during the 2001-03 biennium and the Governor's budget is recommending the total transfer from Tourism be reduced to \$840,223 during the FY 2003-05 biennium (a reduction of \$3,957,151). The current Tourism funding is allocated across four agencies: Department Director, State Railroad Museums, Historic Preservation and the Nevada State Museum. The Executive Budget recommends the allocation of Tourism funding only to the State Railroad Museums in the amount of \$123,456 in FY 2003-04 and \$716,767 in FY 2004-05.

ADMINISTRATION

The director's budget supports six positions to oversee the administration and finances of the department. Included in the budget is a recommended General Fund appropriation of \$158,626 in FY 2003-04 and \$110,967 in FY 2004-05 to support department-wide computer equipment and software needs.

DIVISION OF MUSEUMS AND HISTORY

The division's Administration budget provides oversight and direction to agencies in the division: the Nevada State Museum in Carson City, the Nevada State Railroad Museum in Carson City, the Nevada Historical Society in Reno, the Nevada State Museum and Historical Society in Las Vegas, the Lost City Museum in Overton, the Railroad Museum in Boulder City, and the East Ely Railroad Museum.

The Nevada Historical Society in Reno is scheduled to lose 2 part-time positions, and the Boulder City Railroad is eliminating 2 FTE positions. Included in the \$200 million Question 1 Bond Issue approved by the voters in November 2002 is \$35 million for the Department of Cultural Affairs to establish a new state museum at the Las Vegas Springs Preserve.

STATE HISTORIC PRESERVATION OFFICE

The State Historic Preservation Office assists state and federal agencies, local governments, non-profit organizations and private citizens to preserve historic building and archaeological sites. The agency also manages the nearly 300 historical markers to interpret sites throughout Nevada. The agency also oversees the operation of the Comstock Historic District. In addition, the office oversees the annual distribution of the \$2 million in Cultural Resource Bonds. The Governor is recommending approval of CIP C52 to construct a new 4,000 square foot building in

Virginia City to provide office space for the Comstock Historic District and to provide exhibit space for railroad engine #27. The cost of the project is \$701,273.

NEVADA STATE LIBRARY AND ARCHIVES

The Executive Budget recommends continued funding for the bookmobile program of \$77,954 each fiscal year of the 2003-05 biennium. Also recommended is a funding increase of seven percent in each fiscal year of the 2003-05 biennium for publications and periodicals. Funding of \$39,600 each year is provided for office space in Las Vegas for the operation of the Blind and Physically Handicapped program.

NEVADA ARTS COUNCIL

The Nevada Arts Council promotes Nevada's cultural life through grants and technical assistance to individuals and organizations. The Governor's budget maintains existing programs and provides continued funding for the Challenge Grant Program at a level of \$73,046 each fiscal year of the 2003-05 biennium.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
DEPARTMENT OF EDUCATION						
EDUCATION STATE PROGRAMS	2,483,639	2,380,238	2,700,471	13.45	2,680,534	-7.74
GENERAL FUND	2,317,910	2,253,937	2,533,958	12.42	2,542,191	.32
INTER AGENCY TRANSFER	132,998	121,301	133,782	10.29	135,400	1.21
OTHER FUND	32,731	5,000	32,731	554.62	2,943	-91.01
STUDENT INCENTIVE GRANTS	517,278	535,539	631,670	17.95	634,933	.52
BALANCE FORWARD	-7,832	9,423	-100.00			
FEDERAL FUND	150,743	149,921	183,183	22.19	183,183	
INTER AGENCY TRANSFER	374,367	376,195	448,487	19.22	451,750	.73
OTHER STATE EDUC PROGRAMS	16,275,610	23,461,937	8,255,916	-64.81	8,191,573	-7.78
GENERAL FUND	-6,186,969	2,911,491	8,248,466	183.31	8,184,123	-7.78
BALANCE FORWARD	14,509,389	5,724,023	-100.00			
INTER AGENCY TRANSFER	19,110					
INTERIM FINANCE	7,879,669	14,826,416	-100.00			
OTHER FUND	54,411	7	7,450	16,328.57	7,450	
EDUCATION SUPPORT SERVICES	1,681,484	2,212,712	2,425,557	9.62	2,599,810	7.18
GENERAL FUND	944,803	985,348	1,000,536	1.54	1,004,809	.43
BALANCE FORWARD	-177,223	244,235	154,309	-36.82	307,321	99.16
INTER AGENCY TRANSFER	913,904	983,129	1,270,712	29.25	1,287,680	1.34
TEACHER EDUCATION AND LICENSING	902,523	985,544	1,178,237	19.55	1,190,633	1.05
GENERAL FUND	100	100	100		100	
BALANCE FORWARD	-17,169	117,835	117,835		152,559	29.47
INTER AGENCY TRANSFER	36,605	45,588	48,314	5.98	48,627	.65
OTHER FUND	882,987	822,021	1,011,988	23.11	989,347	-2.24
OCCUPATIONAL EDUCATION	7,024,316	6,836,151	7,234,446	5.83	7,236,892	.03
GENERAL FUND	326,321	331,949	356,104	7.28	362,620	1.83
BALANCE FORWARD	7					
FEDERAL FUND	6,693,806	6,504,202	6,878,342	5.75	6,874,272	-0.06
OTHER FUND	4,182					
NDE CONTINUING EDUCATION	3,249,529	3,460,281	3,357,625	-2.97	3,357,834	.01
GENERAL FUND	461,405	459,602	465,072	1.19	465,281	.04
BALANCE FORWARD	-47	48	-100.00			
FEDERAL FUND	2,788,171	3,000,631	2,892,553	-3.60	2,892,553	
NUTRITION EDUCATION PROGRAMS	45,523,095	49,217,673	52,293,458	6.25	56,173,136	7.42
GENERAL FUND	230,355	234,909	248,511	5.79	254,008	2.21
FEDERAL FUND	45,279,519	48,327,319	52,030,541	7.66	55,904,707	7.45
INTER AGENCY TRANSFER	13,221	13,819	14,406	4.25	14,421	.10
OTHER FUND		641,626	-100.00			
NDE GEAR UP	2,516,476	4,009,408	1,164,208	-70.96	1,225,180	5.24
BALANCE FORWARD	-4,501	5,155	-100.00			
FEDERAL FUND	2,506,801	4,004,253	1,164,208	-70.93	1,225,180	5.24
OTHER FUND	14,176					

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
DISCRETIONARY GRANTS - RESTRICTED	5,546,201	33,409,962	7,403,483	-77.84	7,376,321	-.37
BALANCE FORWARD	507	264		-100.00		
FEDERAL FUND	5,521,644	33,409,698	7,403,483	-77.84	7,376,321	-.37
OTHER FUND	24,050					
SCHOOL HEALTH EDUCATION - AIDS	361,494	227,591	227,814	.10	218,355	-4.15
BALANCE FORWARD					39,482	
FEDERAL FUND	354,942	227,591	227,814	.10	178,873	-21.48
OTHER FUND	6,552					
IMPROVING AMERICA'S SCHOOLS - TITLE I	30,378,232	47,814,716	47,691,870	-.26	47,691,870	
BALANCE FORWARD	-7,251	7,252		-100.00		
FEDERAL FUND	30,339,858	47,807,464	47,691,870	-.24	47,691,870	
OTHER FUND	45,625					
IMPROVING AMERICA'S SCHOOLS - TITLE I	3,776,015	24,134,288	23,587,137	-2.27	23,587,137	
BALANCE FORWARD	-562	563		-100.00		
FEDERAL FUND	3,764,727	24,133,725	23,587,137	-2.26	23,587,137	
OTHER FUND	11,850					
INDIVIDUALS WITH DISABILITIES (IDEA)	33,468,492	37,966,121	45,073,695	18.72	45,073,687	
GENERAL FUND	192,410	342,961	325,000	-5.24	325,000	
FEDERAL FUND	31,364,684	37,588,408	44,713,108	18.95	44,713,108	
INTER AGENCY TRANSFER	34,379	34,752	35,587	2.40	35,579	-.02
OTHER FUND	1,877,019					
PROFICIENCY TESTING	3,756,592	4,634,478	3,987,200	-13.97	4,043,322	1.41
GENERAL FUND	3,755,884	3,538,776	3,987,200	12.67	4,043,322	1.41
BALANCE FORWARD	18,952	1,095,534		-100.00		
INTER AGENCY TRANSFER	-19,655					
OTHER FUND	1,411	168		-100.00		
DRUG ABUSE EDUCATION	1,625,426	1,990,444	2,299,543	15.53	2,299,543	
BALANCE FORWARD	3,900	1,225		-100.00		
FEDERAL FUND	1,563,108	1,989,219	2,239,287	12.57	2,239,287	
INTER AGENCY TRANSFER	55,400		60,256		60,256	
OTHER FUND	3,018					
DISTRIBUTIVE SCHOOL ACCOUNT	773,055,831	750,314,014	960,348,485	27.99	1,003,251,243	4.47
GENERAL FUND	631,973,907	599,134,176	825,391,053	37.76	861,796,144	4.41
BALANCE FORWARD	-57,580	57,580		-100.00		
FEDERAL FUND	3,655,780	2,412,306	5,237,765	117.13	5,394,898	3.00
OTHER FUND	137,483,724	148,709,952	129,719,667	-12.77	136,060,201	4.89
DISCRETIONARY GRANTS - UNRESTRICTED	13,391,392	3,316,393	2,859,517	-13.78	2,859,517	
BALANCE FORWARD	10,334	4,523		-100.00		
FEDERAL FUND	13,325,630	3,311,870	2,859,517	-13.66	2,859,517	
OTHER FUND	55,428					
NDE, STAFFING SERVICES	416,097	512,399	422,496	-17.55	431,395	2.11
INTER AGENCY TRANSFER	416,097	512,399	422,496	-17.55	431,395	2.11

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
TOTAL-DEPARTMENT OF EDUCATION	945,949,722	997,419,889	1,173,142,828	17.62	1,220,122,915	4.00
GENERAL FUND	634,016,126	610,193,249	842,556,000	38.08	878,977,598	4.32
BALANCE FORWARD	14,270,924	7,267,660	272,144	-96.26	499,362	83.49
FEDERAL FUND	147,309,413	212,866,607	197,108,808	-7.40	201,120,906	2.04
INTER AGENCY TRANSFER	1,976,426	2,087,183	2,434,040	16.62	2,465,108	1.28
INTERIM FINANCE	7,879,669	14,826,416				.00
OTHER FUND	140,497,164	150,178,774	130,771,836	-12.92	137,059,941	4.81
COMMISSION ON POSTSECONDARY EDUCATION						
COMMISSION ON POSTSECONDARY EDU	328,696	311,678	350,311	12.40	350,631	.09
GENERAL FUND	238,945	231,319	253,885	9.76	254,205	.13
FEDERAL FUND	89,751	80,359	96,426	19.99	96,426	
TOTAL-COMMISSION ON POSTSECONDA	328,696	311,678	350,311	12.40	350,631	.09
GENERAL FUND	238,945	231,319	253,885	9.76	254,205	.13
FEDERAL FUND	89,751	80,359	96,426		96,426	.00

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
UNIVERSITY & COMMUNITY COLLEGE SYSTEM						
UCCSN SYSTEM ADMINISTRATION	3,230,177	3,394,373	3,652,400	7.60	3,778,206	3.44
GENERAL FUND	2,945,317	3,110,903	3,368,930	8.29	3,494,736	3.73
INTERIM FINANCE	1,390					
OTHER FUND	283,470	283,470	283,470		283,470	
UCCSN - SPECIAL PROJECTS	19,022,275	19,858,250	19,467,370	-1.97	19,694,689	1.17
GENERAL FUND	567,262	1,194,759	1,532,225	28.25	1,617,782	5.58
OTHER FUND	18,455,013	18,663,491	17,935,145	-3.90	18,076,907	.79
UNIVERSITY PRESS	671,464	700,083	730,659	4.37	750,812	2.76
GENERAL FUND	671,464	700,083	730,659	4.37	750,812	2.76
SYSTEM COMPUTING CENTER	16,241,150	15,753,248	21,783,783	38.28	18,639,986	-14.43
GENERAL FUND	13,692,347	15,753,248	17,123,877	8.70	17,734,329	3.56
BALANCE FORWARD	2,523,863					
INTERIM FINANCE	24,940					
OTHER FUND			4,659,906		905,657	-80.56
NATIONAL DIRECT STUDENT LOAN PROJ	45,650	49,504	49,504		49,504	
GENERAL FUND	45,650	49,504	49,504		49,504	
UNIVERSITY OF NEVADA - RENO	117,931,498	122,903,448	146,346,191	19.07	154,193,760	5.36
GENERAL FUND	85,254,625	89,796,067	108,176,938	20.47	112,973,438	4.43
INTER AGENCY TRANSFER	3,870,538	3,748,611	4,517,638	20.51	4,681,114	3.62
INTERIM FINANCE	407,505					
OTHER FUND	28,398,830	29,358,770	33,651,615	14.62	36,539,208	8.58
INTERCOLLEGIATE ATHLETICS - UNR	2,373,715	2,479,178	2,575,998	3.91	2,642,214	2.57
GENERAL FUND	2,123,715	2,229,178	2,325,998	4.34	2,392,214	2.85
OTHER FUND	250,000	250,000	250,000		250,000	
STATEWIDE PROGRAMS - UNR	5,719,524	6,384,492	6,552,320	2.63	6,737,157	2.82
GENERAL FUND	5,719,524	6,384,492	6,552,320	2.63	6,737,157	2.82
SCHOOL OF MEDICAL SCIENCES	20,232,209	21,587,849	22,335,044	3.46	23,062,576	3.26
GENERAL FUND	17,534,178	18,467,558	19,076,224	3.30	19,783,490	3.71
OTHER FUND	2,698,031	3,120,291	3,258,820	4.44	3,279,086	.62
UCCSN HEALTH LABORATORY AND RES	1,994,874	2,071,701	2,318,719	11.92	2,266,008	-2.27
GENERAL FUND	1,345,680	1,493,356	1,668,063	11.70	1,595,832	-4.33
OTHER FUND	649,194	578,345	650,656	12.50	670,176	3.00
AGRICULTURE EXPERIMENT STATION	7,551,782	7,951,220	8,348,551	5.00	8,576,352	2.73
GENERAL FUND	6,268,938	6,668,376	7,106,180	6.57	7,333,981	3.21
FEDERAL FUND	1,282,844	1,282,844	1,242,371	-3.15	1,242,371	
COOPERATIVE EXTENSION SERVICE	7,570,400	8,089,151	8,491,376	4.97	8,767,975	3.26
GENERAL FUND	5,940,627	6,384,490	6,749,979	5.72	7,008,743	3.83
FEDERAL FUND	1,134,763	1,704,661	1,159,449	-31.98	1,162,447	.26
OTHER FUND	495,010		581,948		596,785	2.55

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
BUSINESS CENTER NORTH	1,872,758	1,971,621	2,052,866	4.12	2,109,107	2.74
GENERAL FUND	1,872,758	1,971,621	2,052,866	4.12	2,109,107	2.74
UNIVERSITY OF NEVADA - LAS VEGAS	143,809,512	149,278,550	183,137,697	22.68	193,179,919	5.48
GENERAL FUND	92,117,439	97,006,960	122,499,876	26.28	128,334,317	4.76
INTERIM FINANCE	1,564,286					
OTHER FUND	50,127,787	52,271,590	60,637,821	16.01	64,845,602	6.94
INTERCOLLEGIATE ATHLETICS - UNLV	2,397,952	2,510,300	2,609,682	3.96	2,685,858	2.92
GENERAL FUND	2,147,952	2,260,300	2,359,682	4.40	2,435,858	3.23
OTHER FUND	250,000	250,000	250,000		250,000	
STATEWIDE PROGRAMS - UNLV	830,786	872,215	894,550	2.56	921,738	3.04
GENERAL FUND	830,786	872,215	894,550	2.56	921,738	3.04
UNLV LAW SCHOOL	8,014,270	8,687,489	8,921,645	2.70	9,141,224	2.46
GENERAL FUND	4,891,045	5,344,376	5,717,855	6.99	5,932,634	3.76
OTHER FUND	3,123,225	3,343,113	3,203,790	-4.17	3,208,590	.15
DENTAL SCHOOL-UNLV	1,439,843	3,587,222	5,225,926	45.68	7,522,758	43.95
OTHER FUND	1,439,843	3,587,222	5,225,926	45.68	7,522,758	43.95
BUSINESS CENTER SOUTH	1,564,957	1,654,069	1,728,609	4.51	1,780,088	2.98
GENERAL FUND	1,564,957	1,654,069	1,728,609	4.51	1,780,088	2.98
DESERT RESEARCH INSTITUTE	5,396,089	5,314,161	5,469,692	2.93	5,508,507	.71
GENERAL FUND	4,069,732	4,194,519	4,821,206	14.94	4,860,021	.81
INTERIM FINANCE	677,871	471,156		-100.00		
OTHER FUND	648,486	648,486	648,486		648,486	
GREAT BASIN COLLEGE	11,898,340	12,825,281	13,735,156	7.09	14,248,831	3.74
GENERAL FUND	9,436,772	10,040,365	11,194,833	11.50	11,678,812	4.32
OTHER FUND	2,461,568	2,784,916	2,540,323	-8.78	2,570,019	1.17
WESTERN NEVADA COMMUNITY COLLEGE	16,299,337	17,263,497	19,025,009	10.20	19,562,526	2.83
GENERAL FUND	13,101,205	13,748,832	15,380,023	11.86	15,800,947	2.74
OTHER FUND	3,198,132	3,514,665	3,644,986	3.71	3,761,579	3.20
COMMUNITY COLLEGE OF SOUTHERN NEVADA	73,894,013	81,009,757	94,930,639	17.18	100,339,743	5.70
GENERAL FUND	48,394,056	53,198,900	66,316,369	24.66	69,908,236	5.42
INTERIM FINANCE	227,887					
OTHER FUND	25,272,070	27,810,857	28,614,270	2.89	30,431,507	6.35
TRUCKEE MEADOWS COMMUNITY COLLEGE	31,436,454	33,603,416	34,631,445	3.06	35,730,402	3.17
GENERAL FUND	22,899,260	24,321,906	25,226,103	3.72	26,054,586	3.28
OTHER FUND	8,537,194	9,281,510	9,405,342	1.33	9,675,816	2.88
NEVADA STATE COLLEGE AT HENDERSON		4,441,031	3,221,635	-27.46	4,629,893	43.71
GENERAL FUND		3,747,531	2,829,600	-24.49	3,965,000	40.13
OTHER FUND		693,500	392,035	-43.47	664,893	69.60
TOTAL-UNIVERSITY & COMMUNITY COLLEGE	501,439,029	534,241,106	618,236,466	15.72	646,519,833	4.57
GENERAL FUND	343,435,289	370,593,608	435,482,469	17.51	455,253,362	4.54

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
BALANCE FORWARD	2,523,863					
FEDERAL FUND	2,417,607	2,987,505	2,401,820	-19.60	2,404,818	.12
INTER AGENCY TRANSFER	3,870,538	3,748,611	4,517,638	20.51	4,681,114	3.62
INTERIM FINANCE	2,903,879	471,156				.00
OTHER FUND	146,287,853	156,440,226	175,834,539	12.40	184,180,539	4.75
WICHE PROGRAM						
W.I.C.H.E. ADMINISTRATION	289,844	290,120	325,169	12.08	330,858	1.75
GENERAL FUND	289,844	290,120	325,169	12.08	330,858	1.75
W.I.C.H.E. LOAN & STIPEND	1,215,125	1,494,500	1,467,701	-1.79	1,420,401	-3.22
GENERAL FUND	278,154	731,104	875,708	19.78	827,608	-5.49
BALANCE FORWARD	367,827	182,067		-100.00		
OTHER FUND	569,144	581,329	591,993	1.83	592,793	.14
TOTAL-WICHE PROGRAM	1,504,969	1,784,620	1,792,870	.46	1,751,259	-2.32
GENERAL FUND	567,998	1,021,224	1,200,877	17.59	1,158,466	-3.53
BALANCE FORWARD	367,827	182,067				.00
OTHER FUND	569,144	581,329	591,993	1.83	592,793	.14

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
DEPARTMENT OF CULTURAL AFFAIRS						
CULTURAL AFFAIRS ADMINISTRATION	663,836	545,944	765,994	40.31	725,243	-5.32
GENERAL FUND	236,260	412,917	747,554	81.04	706,503	-5.49
BALANCE FORWARD	337,518					
INTER AGENCY TRANSFER	90,058	133,027	18,440	-86.14	18,740	1.63
STATE HISTORIC PRESERVATION OFFIC	1,002,300	769,192	917,715	19.31	901,304	-1.79
GENERAL FUND	275,291	319,305	314,929	-1.37	306,352	-2.72
FEDERAL FUND	523,060	366,125	524,783	43.33	514,333	-1.99
INTER AGENCY TRANSFER	200,006	83,762	78,003	-6.88	80,619	3.35
OTHER FUND	3,943					
COMSTOCK HISTORIC DISTRICT	81,985	94,472	104,884	11.02	109,007	3.93
GENERAL FUND	81,985	94,472	104,884	11.02	109,007	3.93
MUSEUMS AND HISTORY	274,611	266,588	311,138	16.71	312,108	.31
GENERAL FUND	234,388	266,588	311,138	16.71	312,108	.31
BALANCE FORWARD	39,797					
INTERIM FINANCE	426					
NEVADA HISTORICAL SOCIETY	630,904	703,502	714,479	1.56	716,342	.26
GENERAL FUND	559,220	584,142	663,704	13.62	664,900	.18
BALANCE FORWARD	1,864					
FEDERAL FUND	4,655					
INTER AGENCY TRANSFER	50,480	111,860	44,651	-60.08	45,318	1.49
INTERIM FINANCE	4,561					
OTHER FUND	10,124	7,500	6,124	-18.35	6,124	
STATE MUSEUM, CARSON CITY	1,513,752	1,555,530	1,673,905	7.61	1,710,023	2.16
GENERAL FUND	201,755	143,183	1,364,797	853.18	1,399,367	2.53
BALANCE FORWARD	-6,515	13,350		-100.00		
FEDERAL FUND	38,450	5,000	12,000	140.00	12,000	
INTER AGENCY TRANSFER	1,164,541	1,268,146	187,935	-85.18	189,483	.82
INTERIM FINANCE	6,141					
OTHER FUND	109,380	125,851	109,173	-13.25	109,173	
STATE RAILROAD MUSEUMS	1,851,209	1,654,006	1,469,076	-11.18	1,490,571	1.46
GENERAL FUND	149,656	177,839	1,229,459	591.33	657,798	-46.50
BALANCE FORWARD	381,083	4,682		-100.00		
INTER AGENCY TRANSFER	1,191,888	1,405,188	182,141	-87.04	775,297	325.66
OTHER FUND	128,582	66,297	57,476	-13.31	57,476	
MUSEUM & HISTORICAL SOCIETY - LV	932,514	913,627	1,018,855	11.52	1,040,651	2.14
GENERAL FUND	903,307	877,122	983,110	12.08	1,003,466	2.07
INTER AGENCY TRANSFER	10,025	22,805	23,579	3.39	25,019	6.11
INTERIM FINANCE	6,983					
OTHER FUND	12,199	13,700	12,166	-11.20	12,166	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
LOST CITY MUSEUM	323,534	370,017	403,747	9.12	415,074	2.81
GENERAL FUND	260,444	288,012	330,851	14.87	340,377	2.88
FEDERAL FUND		6,210		-100.00		
INTER AGENCY TRANSFER	25,550	34,528	35,356	2.40	37,157	5.09
OTHER FUND	37,540	41,267	37,540	-9.03	37,540	
NEVADA STATE LIBRARY	5,341,685	4,465,146	4,469,126	.09	4,516,554	1.06
GENERAL FUND	3,020,430	3,121,670	3,443,180	10.30	3,487,306	1.28
BALANCE FORWARD	1,241,690					
FEDERAL FUND	1,076,736	807,059	1,023,117	26.77	1,026,419	.32
INTER AGENCY TRANSFER		500,000		-100.00		
OTHER FUND	2,829	36,417	2,829	-92.23	2,829	
NEVADA STATE LIBRARY - LITERACY	201,564	269,377	219,464	-18.53	224,940	2.50
GENERAL FUND	115,555	123,715	135,314	9.38	140,790	4.05
FEDERAL FUND	34,009	78,512	32,150	-59.05	32,150	
INTER AGENCY TRANSFER	52,000	67,150	52,000	-22.56	52,000	
NEVADA STATE LIBRARY-CLAN	360,042	749,701	429,957	-42.65	436,460	1.51
BALANCE FORWARD	-39,784	274,504		-100.00		
FEDERAL FUND	26,000	100,000	26,000	-74.00	26,000	
INTER AGENCY TRANSFER	63,737	101,025	62,837	-37.80	62,837	
OTHER FUND	310,089	274,172	341,120	24.42	347,623	1.91
ARCHIVES AND RECORDS	559,328	607,654	648,038	6.65	658,735	1.65
GENERAL FUND	512,882	560,075	641,592	14.55	652,289	1.67
BALANCE FORWARD	40,000	32,141		-100.00		
FEDERAL FUND	4,219	13,558	4,219	-68.88	4,219	
OTHER FUND	2,227	1,880	2,227	18.46	2,227	
MICROGRAPHICS AND IMAGING	890,350	808,753	710,871	-12.10	720,424	1.34
BALANCE FORWARD	8,262	73,233	90,239	23.22	99,491	10.25
OTHER FUND	882,088	735,520	620,632	-15.62	620,933	.05
NEVADA ARTS COUNCIL	1,900,784	2,195,191	2,005,932	-8.62	2,008,224	.11
GENERAL FUND	1,392,585	1,439,917	1,473,363	2.32	1,475,655	.16
BALANCE FORWARD	-62,276	131,325		-100.00		
FEDERAL FUND	502,782	611,918	487,100	-20.40	487,100	
OTHER FUND	67,693	12,031	45,469	277.93	45,469	
TOTAL-DEPARTMENT OF CULTURAL AFF	16,528,398	15,968,700	15,863,181	-.66	15,985,660	.77
GENERAL FUND	7,943,758	8,408,957	11,743,875	39.66	11,255,918	-4.15
BALANCE FORWARD	1,941,639	529,235	90,239	-82.95	99,491	10.25
FEDERAL FUND	2,209,911	1,988,382	2,109,369	6.08	2,102,221	-.34
INTER AGENCY TRANSFER	2,848,285	3,727,491	684,942	-81.62	1,286,470	87.82
INTERIM FINANCE	18,111					
OTHER FUND	1,566,694	1,314,635	1,234,756	-6.08	1,241,560	.55
EDUCATION						
GENERAL FUND	986,202,116	990,448,357	1,291,237,106	30.37	1,346,899,549	4.31

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
EDUCATION						
BALANCE FORWARD	19,104,253	7,978,962	362,383	-95.46	598,853	65.25
FEDERAL FUND	152,026,682	217,922,853	201,716,423	-7.44	205,724,371	1.99
INTER AGENCY TRANSFER	8,695,249	9,563,285	7,636,620	-20.15	8,432,692	10.42
INTERIM FINANCE	10,801,659	15,297,572				
OTHER FUND	288,920,855	308,514,964	308,433,124	-.03	323,074,833	4.75
TOTAL-EDUCATION	1,465,750,814	1,549,725,993	1,809,385,656	16.76	1,884,730,298	4.16
Less: INTER AGENCY TRANSFER	8,695,249	9,563,285	7,636,620	-20.15	8,432,692	10.42
NET-EDUCATION	1,457,055,565	1,540,162,708	1,801,749,036	16.98	1,876,297,606	4.14

COMMERCE AND INDUSTRY

Commerce and Industry includes all of the divisions within the Department of Business and Industry and the Department of Agriculture, along with the Gaming Control Board, the Public Utilities Commission, the Commission on Economic Development and the Commission on Tourism. These agencies license, regulate, and promote various businesses and financial activities operating in the state of Nevada.

The Executive Budget recommends General Fund appropriations for Commerce and Industry amounting to \$43.7 million for FY 2003-04, which is an increase of 9.6 percent from FY 2002-03. In FY 2004-05, General Funds are recommended at \$43.6 million, which represents a 0.33 percent increase over FY 2003-04. Budget requests from all funding sources total \$172.1 million in FY 2003-04, which is a 6.3 percent increase over FY 2002-03, and \$175.4 million in FY 2004-05, which is a 1.9 percent increase over FY 2003-04, after inter-agency transfers are deducted.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture is responsible for encouraging, advancing, and protecting the livestock and agricultural industries of the state. The department attempts to encourage sound resource management through progressive and innovative agricultural practices. The Department of Agriculture consists of the following divisions: the Division of Administration, Division of Plant Industry, Division of Livestock Identification, Division of Animal Industry, Division of Measurement Standards, and Division of Resource Protection. General Fund appropriations in FY 2003-04 are recommended to increase 14.5 percent compared to FY 2002-03. An additional 1 percent increase in appropriations is recommended in FY 2004-05.

DIVISION OF ADMINISTRATION

The Executive Budget recommends transferring 2 existing positions within the department into the Division of Administration. One Administrative Assistant III position would be transferred from the Division of Plant Industry and 1 Administrative Assistant IV position from the Division of Animal Industry. According to the department, these positions provide support for multiple programs, and moving them to the Division of Administration would more equitably distribute costs. Both positions are currently funded 100 percent with state General Funds; in the Division of Administration, they would be funded 52 percent with General Funds and 48 percent through the department's cost allocation plan. The Executive Budget recommends the addition of an Accountant Technician position in the Division of Administration to provide clerical support for the department's fiscal operations. Proposed funding for this new position is 50 percent General Funds and 50 percent through the department's cost allocation plan.

DIVISION OF PLANT INDUSTRY

Within the Division of Plant Industry, The Executive Budget recommends transferring 2 Pest Control Operator positions from the Plant Industry account to the Agriculture Registration/Enforcement account. The 2 positions recommended for transfer are funded

through pest control operator license fees, which will also be transferred to the Agriculture Registration/Enforcement account. The remaining 3 Pest Control Operator positions are funded through a General Fund appropriation and remain in the Plant Industry account.

DIVISION OF LIVESTOCK IDENTIFICATION

The Executive Budget recommends funding 50 percent of the Livestock Inspection Administrator's salary with General Funds. The department estimates the Livestock Inspection Administrator spends half of his time directing, coordinating, and setting policy for the Agriculture Enforcement Unit (AEU). The AEU is housed in the Plant Industry Division. The Executive Budget recommends eliminating the division's Program Officer II position that was approved by the 2001 Legislature. The Governor recommends utilizing \$25,894 of the savings from the elimination of this position for a technical services contract with the University of Nevada-Reno.

DIVISION OF ANIMAL INDUSTRY

The Governor recommends a General Fund appropriation totaling \$141,564 during the 2003-05 biennium to fund the management of wild horses in the Virginia Range. Costs associated with the program include operating, travel, supplies, contract services, transportation, etc. Similar levels of funding were granted to the Division by the Board of Examiners Emergency Fund to operate the program during FY 2001-02 and FY 2002-03. The Executive Budget also recommends converting seasonal and part-time positions in the division into a permanent, full-time position to oversee the Virginia Range wild horse program.

GAMING CONTROL BOARD

The Gaming Control Board budget supports the activities of the Gaming Control Board (three members), the Gaming Commission (five members), and the Gaming Control Board Investigation Fund. The regulation of Nevada's gaming industry is conducted through a tiered system comprised of the Nevada Gaming Commission, the Gaming Control Board, and the Gaming Policy Committee. The Gaming Commission has final authority on all gaming matters. The Gaming Control Board functions as the enforcement, investigative and regulatory agency. The Gaming Policy Committee (nine members) functions as an advisory body, meeting when required to examine and make recommendations on gaming policy. The Gaming Control Board is organized into the following divisions: Audit, Tax and License, Investigations, Corporate Securities, Enforcement, Electronic Services, and Administration.

The Gaming Control Board is supported primarily from a General Fund appropriation and a transfer from the Gaming Investigative Fund, which pays the investigative costs of those individuals applying for a gaming license through reimbursements from the applicants. The Executive Budget is recommending General Fund appropriations to support the operations of the Gaming Control Board to increase by 17.5 percent during the 2003-05 biennium compared to the 2001-03 biennium.

The Executive Budget recommends \$3.13 million during the biennium for 12 positions and associated facilities and equipment for the Board to issue gaming work permits in Las Vegas and Laughlin. The Governor recommends funding this request with \$1.57 million in General Fund appropriations and \$1.56 million in investigation fees collected by the Board from licensees.

The Executive Budget recommends \$1.4 million during the 2003-05 biennium for salaries and associated training, travel, and equipment costs for six Electronic Lab Engineers and one Administrative Assistant. Four of the Electronic Lab Engineers positions would allow the Board to keep pace with the gaming industry's demand for testing electronic gaming devices, including cashless wagering systems. The remaining two Electronic Lab Engineers and the Administrative Assistant would help the Board decrease the current backlog of gaming device approvals and re-establish the desired turnaround time of 30 days.

The Governor recommends \$855,000 during the 2003-05 biennium to continue the Board's credential pay plan, which provides up to \$5,000 annually to employees of the Board who are CPAs, attorneys licensed to practice in Nevada, or individuals who have a college degree in Engineering.

The Governor recommends position adjustments to eliminate 7 vacant clerical positions and add an Electronic Lab Engineer in FY 2003-04 and a Senior Program Analyst in FY 2004-05. The net result would be General Fund savings of \$178,014 in FY 2003-04 and \$84,379 in FY 2004-05. To continue 3 percent reduction targets, The Executive Budget also recommends the elimination of 13 vacant positions. Elimination of these positions would reduce the Board's General Fund expenditures by \$747,805 in FY 2003-04, and \$867,658 in FY 2004-05.

GAMING COMMISSION

The Executive Budget recommends the elimination of 1 clerical position in the Gaming Commission account, which would result in General Fund savings of \$83,113 during the 2003-05 biennium. This position was approved by the 2001 Legislature, but has not been filled since it was originally approved.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission (PUC) is comprised of three commissioners whose responsibilities are to balance the interests of customers of public utilities to receive safe and adequate service with reasonable rates while providing shareholders of public utilities the opportunity to earn a fair return on their investment. The PUC is also responsible for railroad safety and natural gas pipeline inspection programs. Assembly Bill 366 (1997) provided the framework for utility deregulation in Nevada. Customers were scheduled to obtain potentially competitive services from alternative sellers no later than December 31, 1999, unless the PUC or the Governor determined that a different date was necessary to protect the public interest. Senate Bill 438 (1999) revised the date customers may begin receiving potentially competitive services from December 31, 1999 to March 1, 2000 and provided a three-year cap on the rates of Nevada's two investor-owned electric utilities. On February 28, 2000, the Governor indefinitely

postponed the effective date of deregulation due to ongoing issues in opening the markets, along with unstable energy markets in the west.

The 2001 Legislature approved AB 369 repealing the provisions of Nevada Revised Statutes that provided for the opening of competitive electric markets and reinstated the traditional regulation of electric utilities, including general rate cases and deferred energy filings. Assembly Bill 369 also prohibited the sale of electric utilities' generating assets prior to July 1, 2003; placed restrictions on mergers and acquisitions involving electric utilities; and deemed the Comprehensive Energy Plan (CEP) approved by the PUC for Nevada Power and Sierra Pacific Power companies as withdrawn. Assembly Bill 661 was adopted by the 2001 Legislature and signed by the Governor pursuant to an order of the Nevada Supreme Court. This bill allows certain large customers to leave the existing utility system; authorizes electric utilities to develop generation resources with non-utility enterprises; creates a task force and trust fund for Renewable Energy and Energy Conservation; and increased the PUC from three to five members effective October 1, 2003. The Fund for Energy Assistance and Conservation (created by the 2001 Legislature), is funded through a universal energy charge based upon each kilowatt-hour of electricity and therm of gas sold at the retail level. The fund is administered in conjunction with the Welfare and Housing Divisions to assist low-income consumers with power bill payments and energy conservation, weatherization, and energy efficiency needs.

The Executive Budget does not include funding to expand the Commission from three to five members in anticipation of a bill draft request being introduced repealing that provision of AB 661. The Governor recommends a new Hearings Officer to preside over less controversial matters such as consumer complaints and rulemakings. For the 2003-05 biennium, the Governor recommends total funding of \$31.96 million, an increase of \$9.12 million, or 39.9 percent over the 2001-03 legislatively approved funding of \$22.84 million. Funding is primarily derived from a mill assessment on gross utility operating revenues, statutorily capped at 3.5 mills (one mill = 1/10 of one cent). An additional .75 mill is assessed and transferred to the Attorney General's Bureau of Consumer Protection. The Governor recommends continuation of the mill assessment at 2.50 mills, leaving a projected reserve balance of \$3.8 million at the end of FY 2004-05.

DEPARTMENT OF BUSINESS AND INDUSTRY

The Department of Business and Industry consists of seven divisions, two boards, seven commissions, and four other agencies. The Department is responsible for regulating business enterprises, the promotion of worker safety, educating the public and businesses regarding their legal rights and responsibilities, and promoting the legal operation of businesses in Nevada. The department is funded through a combination of state General Funds, federal funds and business licenses and fees.

The Governor recommends General Fund appropriations for the department of \$7.9 million in FY 2003-04 and \$7.6 million in FY 2004-05, which represents a decrease of 11.3 percent and 14.5 percent, respectively, when compared to the FY 2002-03 work program amount of \$8.9 million. Highway Fund appropriations of \$2.0 million in FY 2003-04 and \$2.1 million in FY 2004-05 represent an increase of 11.5 percent and 17.5 percent, respectively, when compared to the FY 2002-03 work program amount of \$1.8 million. Total funds recommended from all

sources to support the department are \$83.0 million in FY 2003-04 and \$85.7 million in FY 2004-05, a total increase of 12.7 percent in the second year compared to the FY 2002-03 work program amount of \$76.1 million. The General Fund appropriation for the department is reduced by approximately \$1.6 million in FY 2003-04 and \$2.0 million in FY 2004-05 as a result of the proposed conversion of the Financial Institutions Division from a General Fund appropriated agency to a self-funded status. The General Fund appropriation for the department is further reduced by approximately \$250,000 in The Executive Budget by the recommended transfer of the Governor's Committee on Employment of People with Disabilities to the Department of Employment Training & Rehabilitation.

DIRECTOR'S OFFICE

The Director's Office is responsible for providing administrative and budgetary oversight to the divisions, agencies, and commissions that constitute the department. The Office includes the Office of Business, Finance, and Planning, which is responsible for the administration of the Industrial Development Revenue Bond (IDRB) Program. The funding sources for the Director's Office include General Fund, assessments paid by non-General Fund agencies within the department, and a transfer from the IDRB Program.

REAL ESTATE DIVISION

The Real Estate Division is responsible for regulating real estate brokers and salesmen, property managers, appraisers, qualified intermediaries, and building inspectors. The division is also responsible for the enforcement of the statutory and regulatory provisions regarding the sale of subdivided lands, time-shares, and campground memberships, and also administers continuing education programs for real estate licensees in Nevada. The division is funded through a combination of fees, inter-agency transfers and General Fund.

The division has submitted a bill draft request to 1) establish fees for services (i.e., background checks); 2) standardize fees for education accreditation and renewal; and 3) increase various licensing fees to support its operations during the 2003-05 biennium. If the legislation is passed, the division projects additional fee revenue of \$431,665 in the 2003-05 biennium of which \$286,265 would be deposited to the General Fund and \$145,400 would be deposited to the division's administrative budget.

The Executive Budget recommends \$997,539 (\$867,539 General Fund and \$130,000 Inter-Agency Transfer) in the 2003-05 biennium to replace the existing licensing system (developed in 1980) with a new integrated licensing system. The Governor also recommends the addition of 2.51 full-time equivalent positions in each fiscal year of the biennium to maintain the division's responsibilities in the expanding real estate industry. Total General Fund support recommended for these positions and associated costs would be \$90,288 in FY 2003-04 and \$118,904 in FY 2004-05. The Governor also recommends eliminating 1 Compliance/Audit Investigator II position, as a result of the division reorganization which would reduce General Fund support by \$123,283 in the 2003-05 biennium.

The Real Estate Division includes the Office of the Ombudsman for Owners in Common-Interest Communities (created by the 1997 Legislature). The Ombudsman provides assistance to homeowner associations and their members/owners through education, facilitation and equitable treatment. The agency is self funded, primarily through fees imposed on common-interest communities. During the 2001 Legislative Session, the Joint Subcommittee on General Government noted the large \$897,000 reserve balance as recommended in The Executive Budget in FY 2002-03. The Subcommittee requested that the agency review the reserve during the interim to determine if the per-unit/per year fee of \$3.00 should be reduced to prevent the reserve from growing to an unnecessarily large amount. In the 2003-05 biennium, The Executive Budget recommends a reserve balance of \$1.7 million in FY 2003-04 and \$1.9 million in FY 2004-05.

The Executive Budget further recommends the addition of 4 FTE positions to bring the Ombudsman Program to a level where it can operate effectively and efficiently. Total recommended funding for the new positions and associated costs would be \$350,675 in the 2003-05 biennium and would be funded through agency reserves.

INSURANCE DIVISION

The Insurance Division is charged with protecting the rights of consumers and the public in transactions with the insurance industry and is responsible under Title 57 of the NRS for regulation of the insurance industry. The division regulates and licenses insurance agents, brokers, and other professionals; sets ethical and financial standards for insurance companies; and reviews rates. The division also reviews programs operated by self-insured employers for workers' compensation, and will operate the medical-dental screening panel for malpractice claims through the end of FY 2002-03.

The division currently has 73 FTE positions and is comprised of five operating and regulatory units: Insurance Regulations, Insurance Examiners Fund, National Association of Insurance Commissioners, Insurance Cost Stabilization, and Self-Insured Workers' Compensation.

The operations of the Division of Insurance are handled by the Insurance Regulation account, which is funded in large part through an appropriation from the General Fund and through a transfer from the Examination Fund, which includes examiner fees charged to insurers to cover the costs of conducting financial examinations. Within this account, the Governor recommends funding of \$11.2 million during the 2003-05 biennium, an increase of 35.6 percent over the legislatively approved 2001-03 biennium. General Fund support for this account during the 2003-05 biennium is recommended to increase 12.1 percent compared to the legislatively approved General Fund appropriation for the 2001-03 biennium.

The Executive Budget recommends transferring an additional \$202,504 during the 2003-05 biennium from the Insurance Examiners account to the Insurance Regulation account. Staff in the Insurance Regulation account supervise ongoing examinations in the Insurance Examination account, and this recommendation seeks to reimburse the Insurance Regulation account for these supervisory costs. In total, \$270,263 in FY 2003-04 and \$440,153 in FY 2004-05 is

recommended to be transferred from the Insurance Examiners account to support the operation of the Insurance Regulation account during the 2003-05 biennium.

The Governor recommends converting the division's contract research actuary to a permanent unclassified actuary position. This change would essentially be cost neutral, with no General Fund dollars involved. In addition, The Executive Budget recommends the transfer of a Program Officer III position from the Insurance Education and Research account to the Insurance Regulation account. There are currently no General Funds used to support this position; however, after the transfer, this position would be funded 100 percent through a General Fund appropriation of \$138,067 over the 2003-05 biennium. Finally, the Governor recommends eliminating a vacant Administrative Assistant II position, which would result in a reduction of \$74,622 over the biennium in the division's General Fund appropriation.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division's principal responsibility is to ensure that manufactured homes, mobile homes, travel trailers, commercial coaches and manufactured buildings are constructed and installed in a manner that provides reasonable safety and protection to owners and users. The division is a fee-based, self-funded agency. Revenues are generated by user fees, inspection fees, plans review fees and non-grant federal funds (H.U.D.).

The division's funding base is strongly impacted by industry sales. Nationally since 1999, new manufactured home sales have been trending downward. In Nevada, sales have been steadily declining since 1998, which translates into a 25-30 percent decrease in Nevada's manufactured home sales. The division implemented a broad fee increase in March 2001, resulting in an overall increase of approximately 40 percent. Over the past two biennia, the division has experienced difficulty in meeting revenue projections, and during this time, the cash reserve balance has been supplementing daily operating expenditures. As a result, the cash reserve has been reduced from \$545,020 at the beginning of FY 1998-99 to \$4,316 at the end of FY 2001-02. Beginning in FY 2001-02, the division was forced to implement a number of cost cutting measures, which included laying off 3 FTE positions, closing the Elko field office and reducing the square footage of occupied office space in Las Vegas. Due to the revenue shortfalls experienced by the division, The Executive Budget recommends eliminating 4 FTE positions in the 2003-05 biennium.

The Executive Budget recommends total funding for the division of \$5.3 million for the 2003-05 biennium, a decrease of approximately \$500,00 from the \$5.8 million approved by the 2001 Legislature for the 2001-03 biennium.

The Manufactured Housing Division includes the Manufactured Housing Education/Recovery program which administers, monitors and maintains educational and training programs with respect to the manufactured housing industry. The recovery fund included in this budget is used to compensate consumers who incur losses based on the actions of individuals and/or businesses licensed by the division. Proposed legislation has been submitted by the agency to increase the portion of license fees that are assigned to the recovery fund. If the legislation is approved,

additional fee revenue is projected to be approximately \$25,000 in each fiscal year of the 2003-05 biennium.

HOUSING DIVISION

The Housing Division promotes the creation and maintenance of affordable housing in the state by administering federal programs to encourage private and governmental entities to construct and remodel affordable housing units in Nevada. The division also administers the Low Income Housing Trust Fund and the Department of Energy Weatherization Program, which assists low-income families in improving the energy efficiency of their homes. The division is funded through fee revenue and federal grants.

The Executive Budget includes \$143,130 over the 2003-05 biennium for an increase in tax credit application fee revenue. The increase in tax credits, which the Housing Division is statutorily responsible for distributing, will increase from \$2.5 million to \$3.5 million. Increased program activity would be funded through tax credit application fees.

The Executive Budget recommends \$750,000 over the 2003-05 biennium for the cost of issuing \$15 million in bond debt financing for housing projects which address one or more of the nine special needs populations identified in the Nevada Special Needs Housing Assessment Survey (completed in August 2002). Program costs would be funded through bond issue proceeds.

The Housing Division includes the Low Income Housing Trust Fund, which serves as the main source of matching funds for federal housing programs that require matching funds from the state. The fund provides a source of grant money to local governments, public or private non-profit organizations and housing authorities for the acquisition or rehabilitation of affordable housing.

The Executive Budget recommends funding of \$805,000 for two special needs housing projects in the 2003-05 biennium. The project identified for funding in FY 2003-04 is the purchase of land to create housing for parolees. Based on the Special Needs Housing Assessment Survey, there are 500 to 1,250 parolees in the state's two urban areas in need of low-income housing facilities to prevent homelessness and recidivism. Project funding recommended for FY 2004-05 would provide matching funds for an assisted living project for individuals with Alzheimer's or severe dementia and would be partially funded by the Harrah's Foundation, with land for the facility donated by the Bureau of Land Management. Funding for both projects would come from the discretionary portion of the annual real estate transfer tax receipts deposited into the Low Income Housing Trust Fund.

FINANCIAL INSTITUTIONS DIVISION

The Financial Institutions Division is responsible for the licensure and regulation of all state-chartered financial institutions, including banks, savings and loans, credit unions, and mortgage companies. The division's Financial Institutions account is funded through an appropriation from the General Fund; however, the division collects examination and license fees that are deposited to the General Fund. Historically, the division has collected fees in an

amount that is sufficient to reimburse the General Fund for the appropriation made to the division.

The Executive Budget recommends converting the division from a General Fund appropriated agency to self-funded status. In the transition, the division would receive a General Fund appropriation of \$357,976 in FY 2003-04, which would be reduced to \$1,000 in FY 2004-05. Fiscal year 2003-04 funding would be treated as a loan to provide start-up revenue to facilitate the transition, and would be repaid in full at the end of FY 2003-04. The FY 2004-05 funding of \$1,000 would continue to provide the division with access to the Interim Finance Committee to support operations if a funding deficit occurred. Thereafter, each fiscal year would contain a \$1,000 General Fund appropriation, which would revert back to the General Fund at the end of each fiscal year. The division's cash reserve is projected to be \$1,706,235 and \$1,653,850 at the end of FY 2003-04 and FY 2004-05, respectively.

DIVISION OF INDUSTRIAL RELATIONS

The Division of Industrial Relations regulates workers' compensation insurance to ensure injured workers receive the benefits to which they are entitled, enforces federal and state health and safety standards, assists employers with workplace safety programs, and provides safety training and inspections for all active mines in the state. The programs of the division are funded primarily from assessments of workers' compensation insurers. The division also receives federal grants from the U.S. Department of Labor, Occupational Safety and Health Administration, and the Mine Safety and Health Administration.

The Executive Budget recommends eliminating 2 FTE positions during the 2003-05 biennium, which represents a savings of \$244,771. The Executive Budget further recommends the transfer of 3 FTE positions into this budget from the division's Occupational Safety and Health Enforcement Section as a result of the reorganization; these transfers would have no fiscal impact on the division as a whole.

TAXICAB AUTHORITY

The Taxicab Authority regulates safe and reliable taxicab service in counties with populations exceeding 400,000 (currently only in Clark County). The agency's investigative staff conducts both administrative and criminal investigations independently and in conjunction with other law enforcement agencies. The agency is funded through fees; primarily through a \$0.15 trip charge assessed on every taxicab ride, as well as through various other fees revenue.

The agency has submitted proposed legislation to increase the taxicab trip charge fee from \$0.15 to \$0.20 per trip in the 2003-05 biennium. If the legislation is passed, the Governor recommends additional trip fee revenue of \$1.1 million in FY 2003-04 and \$1.15 million in FY 2004-05. Further, based on the assumption that the bill would pass, 11 FTE positions are recommended to be restored and additional funding is recommended for 3 new FTE positions and associated costs. The legislation also proposes to increase taxicab driver permit fees from \$20 to \$40, and if passed, the Governor recommends additional permit revenue of \$63,653 in each fiscal year of the 2003-05 biennium.

The 1999 Legislature issued a letter of intent requesting the Taxicab Authority to review its financial position periodically in an effort to increase funding for the Division for Aging Services' Senior Ride Program. The Governor recommends the continuation of the Senior Ride Program. A total of \$378,218 in increased funding for each fiscal year of the 2003-05 biennium is recommended by the Governor. This represents a \$100,000 (36 percent) increase in each fiscal year over funding provided during the current biennium. All expenditures recommended for the program would be funded primarily through the proposed \$0.05 trip charge increase.

TRANSPORTATION SERVICES AUTHORITY

The 1997 Legislature approved AB 366 (utility deregulation) that assigned the transportation-related functions of the former Public Service Commission (now Public Utilities Commission) to a new agency, the Transportation Services Authority (TSA). The TSA has statewide regulatory responsibility for the intra-state transportation of passengers, household goods, tow cars, and taxicabs (except taxicabs in Clark County). The Governor recommends a Highway Fund appropriation of \$2.0 million in FY 2003-04 and \$2.1 million in FY 2004-05, an increase of 11.4 percent and 17.5 percent when compared to the FY 2002-03 work program amount of \$1.8 million. The Highway Fund provides approximately 96 percent of the funding requirements for the TSA, along with license and fee revenue.

The agency has submitted proposed legislation to provide authority to impound regulated vehicles, license limousine and taxicab drivers, assess annual fees on limousines, and revise motor carrier fees. It would also impose fees to recover the actual cost of investigations and inspections. Revenues generated from the proposed legislation would fund an additional 9.6 FTE positions, additional office space, consulting services, two new vehicles, computer hardware, software and supplies. If the legislation is passed, the Governor recommends additional fee revenue of \$517,235 in FY 2003-04 and \$609,280 in FY 2004-05. The proposed legislation is based on a bill from the 2001 Session that passed both the Assembly and Senate; however, the differences were not resolved in conference committee before the session ended.

ECONOMIC DEVELOPMENT AND TOURISM

The 1983 Legislature expanded economic development efforts in Nevada by creating the Commission on Tourism and the Commission on Economic Development. The Commission on Economic Development includes the Division of Motion Pictures, the Rural Community Development Program, and the Procurement Outreach Program. The Commission on Tourism includes the *Nevada Magazine*.

COMMISSION ON ECONOMIC DEVELOPMENT

The Commission on Economic Development is organized to promote Nevada's business opportunities and to assist companies interested in relocating and expanding their operations in Nevada. The Commission on Economic Development is funded primarily with General Fund appropriations. The Executive Budget recommends no new positions in any of the commission's budgets.

The Executive Budget recommends total General Fund appropriations of \$7.9 million during the 2003-05 biennium, an increase of 7.2 percent over the legislatively approved 2001-03 biennium appropriation of \$7.4 million. The Governor recommends continued funding of \$995,000 per year for matching grants to local economic development authorities, and continued funding of \$500,000 per year for the Train Employees Now (TEN) program.

COMMISSION ON TOURISM

The Commission on Tourism is responsible for developing and implementing a domestic and international marketing and advertising campaign to promote Nevada as a tourism and business travel destination. Tourism is funded by a 3/8 share of the one percent statewide room tax established by the 1983 Legislature. Room tax receipts are projected at \$12.3 million in FY 2003-04 and \$12.8 million in FY 2004-05, increases of 9.2 and 13.5 percent, respectively, over FY 2001-02 actual room tax collections of \$11.3 million.

The Governor's budget recommends an additional Development Specialist position, funded by a reduction in contract services expenditures, to bring research projects in-house and assist in the development of a statewide visitor profile study. The Executive Budget continues transfers to support the Motion Pictures budget and to *Nevada Magazine* for the design and production of the Commission's publications, as well as transfers to the Washington D.C. office to support activities related to the promotion of tourism in Nevada. The Governor's budget recommends the transfer of room tax funds to the Department of Cultural Affairs, but at a reduced level in FY 2003-04; eliminating the annual transfer of \$200,000 to the Division of Wildlife; and funding the transfer to the Division of State Parks in the second year of the 2003-05 biennium only.

NEVADA MAGAZINE

Nevada Magazine is the major publication of the Commission on Tourism. *Nevada Magazine* is financed through subscriptions, advertising revenue, and newsstand sales, as well as calendar and other merchandise sales. The budget anticipates distribution of approximately 81,000 copies per month of the magazine in each fiscal year of the 2003-05 biennium. The Executive Budget recommends total funding of \$5.30 million during the 2003-05 biennium, a slight decrease of 0.6 percent from the legislatively approved 2001-03 biennium amount of \$5.32 million. The Governor recommends the elimination of a position as the result of a long-term vacancy. The Executive Budget continues the funding transfers from the Commission on Tourism to partner in the design and production of tourism publications initiated by the 2001 Legislature.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
DEPT OF BUSINESS & INDUSTRY						
B&I, BUSINESS AND INDUSTRY ADMINIS	849,250	951,336	954,635	.35	970,700	1.68
GENERAL FUND	177,166	193,808	192,147	-86	195,428	1.71
INTER AGENCY TRANSFER	672,084	757,528	762,488	.65	775,272	1.68
B&I COMMON INTEREST COMMUNITIES	280,004	1,937,664	2,392,057	23.45	2,547,458	6.50
BALANCE FORWARD	-521,867	1,391,488	1,590,186	14.28	1,745,587	9.77
OTHER FUND	801,871	546,176	801,871	46.82	801,871	
B&I, INDUSTRIAL DEVELOPMENT BONDS	75,480	1,160,892	1,195,181	2.95	1,277,425	6.88
BALANCE FORWARD	-75,912	930,061	992,289	6.69	1,071,033	7.94
OTHER FUND	151,392	230,831	202,892	-12.10	206,392	1.73
B&I, MANUFACTURED HOUSING	1,072,418	1,150,753	1,256,205	9.16	1,354,489	7.82
BALANCE FORWARD	92,845	4,316	162,636	3,668.21	260,920	60.43
FEDERAL FUND	16,749	24,939	16,749	-32.84	16,749	
INTER AGENCY TRANSFER	19,015					
OTHER FUND	943,809	1,121,498	1,076,820	-3.98	1,076,820	
B&I, MFG HOUSING EDUCATION/RECOVE	197,044	591,994	544,874	-7.96	504,323	-7.44
BALANCE FORWARD	102,644	490,569	450,474	-8.17	409,923	-9.00
OTHER FUND	94,400	101,425	94,400	-6.93	94,400	
B&I, MOBILE HOME PARKS	88,097	351,994	382,025	8.53	385,260	.85
BALANCE FORWARD	-73,611	196,609	220,317	12.06	223,552	1.47
OTHER FUND	161,708	155,385	161,708	4.07	161,708	
B&I, MOBILE HOME LOT RENT SUBSIDY	485,864	419,707	424,725	1.20	435,840	2.62
BALANCE FORWARD	95,184	29,049	40,776	40.37	51,891	27.26
OTHER FUND	390,680	390,658	383,949	-1.72	383,949	
B&I, CONSUMER AFFAIRS	1,237,143	1,221,080	1,337,672	9.55	1,362,186	1.83
GENERAL FUND	1,220,697	1,221,080	1,324,172	8.44	1,348,686	1.85
BALANCE FORWARD	16,446					
OTHER FUND			13,500		13,500	
B&I, REAL ESTATE ADMINISTRATION	2,169,840	2,387,368	2,819,847	18.12	2,832,884	.46
GENERAL FUND	645,532	1,202,631	1,205,386	.23	1,226,663	1.77
INTER AGENCY TRANSFER	39,949	39,949	59,227	48.26	59,227	
OTHER FUND	1,484,359	1,144,788	1,555,234	35.85	1,546,994	-53
B&I, REAL ESTATE EDUCATION AND RES	328,406	833,342	833,224	-01	742,085	-10.94
BALANCE FORWARD	31,670	516,528	469,330	-9.14	378,191	-19.42
INTER AGENCY TRANSFER	296,736	311,014	358,094	15.14	358,094	
OTHER FUND		5,800	5,800		5,800	
B&I, REAL ESTATE RECOVERY ACCOUN	357,960	423,840	470,920	11.11	470,920	
BALANCE FORWARD	-62,960	50,000	50,000		50,000	
OTHER FUND	420,920	373,840	420,920	12.59	420,920	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
B&I, FINANCIAL INSTITUTIONS	1,954,310	2,556,875	4,612,916	80.41	4,241,572	-8.05
GENERAL FUND	1,875,035	1,980,329	357,976	-81.92	1,000	-99.72
BALANCE FORWARD					1,706,235	
OTHER FUND	79,275	576,546	4,254,940	638.01	2,534,337	-40.44
B&I, FINANCIAL INSTITUTIONS INVESTIG.	272,953	1,162,017	1,327,353	14.23	1,486,224	11.97
BALANCE FORWARD	-120,025	934,231	934,375	.02	1,093,246	17.00
OTHER FUND	392,978	227,786	392,978	72.52	392,978	
B&I, FINANCIAL INSTITUTIONS AUDIT	53,100	111,526	100,576	-9.82	93,435	-7.10
BALANCE FORWARD	-19,988	33,756	27,488	-18.57	20,347	-25.98
OTHER FUND	73,088	77,770	73,088	-6.02	73,088	
B&I, HOUSING DIVISION	8,249,618	9,180,279	9,790,233	6.64	9,867,604	.79
BALANCE FORWARD	29,565	101,548	37,712	-62.86		-100.00
FEDERAL FUND	2,174,662	3,000,638	3,000,905	.01	3,000,905	
OTHER FUND	6,045,391	6,078,093	6,751,616	11.08	6,866,699	1.70
B&I, LOW INCOME HOUSING TRUST FUN	4,520,478	12,285,004	14,217,333	15.73	14,651,796	3.06
BALANCE FORWARD	-430,178	8,321,315	9,266,695	11.36	9,701,158	4.69
FEDERAL FUND	283,915	268,000	283,915	5.94	283,915	
OTHER FUND	4,666,741	3,695,689	4,666,723	26.27	4,666,723	
B&I, WEATHERIZATION	1,162,414	4,626,142	4,749,390	2.66	6,429,724	35.38
BALANCE FORWARD	-1,685,834	1,709,948	1,197,862	-29.95	2,826,625	135.97
FEDERAL FUND	558,168	581,135	849,452	46.17	849,452	
INTER AGENCY TRANSFER		5,659		-100.00		
OTHER FUND	2,290,080	2,329,400	2,702,076	16.00	2,753,647	1.91
B&I, INSURANCE REGULATION	4,049,543	5,615,688	5,557,953	-1.03	5,635,326	1.39
GENERAL FUND	2,504,790	2,641,228	2,912,888	10.29	2,907,517	-.18
BALANCE FORWARD	-38,409	67,832	121,126	78.57	19,999	-83.49
INTER AGENCY TRANSFER	1,214,250	1,188,191	1,240,642	4.41	1,424,513	14.82
INTERIM FINANCE		285,392		-100.00		
OTHER FUND	368,912	1,433,045	1,283,297	-10.45	1,283,297	
B&I, INSURANCE EXAMINERS	2,558,937	3,599,504	3,187,438	-11.45	3,160,599	-.84
BALANCE FORWARD	-40,754	699,309	285,830	-59.13	259,069	-9.36
OTHER FUND	2,599,691	2,900,195	2,901,608	.05	2,901,530	-.00
B&I, INSURANCE RECOVERY	415,155	293,710	455,170	54.97	455,170	
BALANCE FORWARD	-15	40,000	40,000		40,000	
OTHER FUND	415,170	253,710	415,170	63.64	415,170	
B&I, INSURANCE EDUCATION & RESEAR	353,175	865,388	754,132	-12.86	744,151	-1.32
BALANCE FORWARD	-111,980	561,678	288,962	-48.55	278,981	-3.45
INTER AGENCY TRANSFER	465,155	303,710	465,170	53.16	465,170	
B&I, NAT. ASSOC. OF INSURANCE COMM	28,418	56,602	63,436	12.07	65,117	2.65
BALANCE FORWARD	5,018	33,202	29,116	-12.31	30,797	5.77
OTHER FUND	23,400	23,400	34,320	46.67	34,320	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
B&I, INSURANCE COST STABILIZATION	152,771	268,393	251,269	-6.38	225,116	-10.41
BALANCE FORWARD	-9,624	116,563	88,874	-23.75	62,721	-29.43
OTHER FUND	162,395	151,830	162,395	6.96	162,395	
B&I, SELF INSURED - WORKERS COMPEI	441,004	474,980	505,787	6.49	510,673	.97
OTHER FUND	441,004	474,980	505,787	6.49	510,673	.97
B&I, INDUSTRIAL RELATIONS	5,899,533	6,196,939	6,389,206	3.10	6,433,436	.69
OTHER FUND	5,899,533	6,196,939	6,389,206	3.10	6,433,436	.69
B&I, OCCUPATIONAL SAFETY & HEALTH	5,587,896	6,230,477	6,151,424	-1.27	6,256,692	1.71
FEDERAL FUND	1,010,288	991,459	1,112,753	12.23	1,112,753	
OTHER FUND	4,577,608	5,239,018	5,038,671	-3.82	5,143,939	2.09
B&I, SAFETY CONSULTATION AND TRAIN	2,009,221	2,331,066	2,140,603	-8.17	2,169,247	1.34
FEDERAL FUND	771,765	832,150	790,639	-4.99	790,639	
OTHER FUND	1,237,456	1,498,916	1,349,964	-9.94	1,378,608	2.12
B&I, MINE SAFETY & TRAINING	1,112,607	1,208,752	1,160,541	-3.99	1,165,155	.40
FEDERAL FUND	324,823	164,129	243,839	48.57	243,839	
OTHER FUND	787,784	1,044,623	916,702	-12.25	921,316	.50
B&I, NV ATTORNEY FOR INJURED WORK	2,208,400	2,525,032	3,225,502	27.74	2,896,719	-10.19
INTER AGENCY TRANSFER	2,432,354	2,525,032	3,225,502	27.74	2,896,719	-10.19
OTHER FUND	-223,954					
B&I, TRANSPORTATION SERVICES AUTH	1,838,347	1,865,272	2,660,147	42.61	2,819,561	5.99
HIGHWAY FUND	1,769,398	1,806,299	2,013,052	11.45	2,121,544	5.39
OTHER FUND	68,949	58,973	647,095	997.27	698,017	7.87
B&I, DAIRY COMMISSION	1,268,457	1,523,843	1,652,527	8.44	1,682,024	1.78
BALANCE FORWARD	44,456	319,121	224,645	-29.61	254,142	13.13
OTHER FUND	1,224,001	1,204,722	1,427,882	18.52	1,427,882	
B&I, LABOR COMMISSIONER	1,138,864	1,158,571	1,340,342	15.69	1,366,383	1.94
GENERAL FUND	1,122,997	1,158,097	1,340,342	15.74	1,366,383	1.94
BALANCE FORWARD	15,867					
OTHER FUND		474		-100.00		
B&I, EMPLOYEES MANAGEMENT RELATI	156,709	148,029	166,507	12.48	166,939	.26
GENERAL FUND	152,303	145,117	162,088	11.69	162,522	.27
OTHER FUND	4,406	2,912	4,419	51.75	4,417	-.05
B&I, TAXICAB AUTHORITY	4,267,088	4,621,979	5,151,895	11.47	5,404,159	4.90
BALANCE FORWARD	653,693	827,674	209,597	-74.68	261,861	24.94
INTER AGENCY TRANSFER	24,647					
OTHER FUND	3,588,748	3,794,305	4,942,298	30.26	5,142,298	4.05
B&I, CAPTIVE INSURERS	49,262	97,954	109,506	11.79	136,900	25.02
BALANCE FORWARD	8,541	699	73,206	0,372.96	100,000	36.60
INTER AGENCY TRANSFER	15,471	23,500	20,000	-14.89	20,000	
OTHER FUND	25,250	73,755	16,300	-77.90	16,900	3.68

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
B&I, ATHLETIC COMMISSION	427,682	458,309	410,689	-10.39	413,268	.63
GENERAL FUND	325,362	312,580	360,689	15.39	363,268	.72
BALANCE FORWARD	37,277	45,729		-100.00		
INTERIM FINANCE	3,589					
OTHER FUND	61,454	100,000	50,000	-50.00	50,000	
B&I TRANSPORTATION SERVICES AUTHC	126,848	349,245	424,681	21.60	360,619	-15.08
BALANCE FORWARD	-31,499	229,245	233,681	1.94	179,619	-23.13
OTHER FUND	158,347	120,000	191,000	59.17	181,000	-5.24
TOTAL-DEPT OF BUSINESS & INDUSTRY	57,444,296	81,241,546	89,167,921	9.76	91,721,179	2.86
GENERAL FUND	8,023,882	8,854,870	7,855,688	-11.28	7,571,467	-3.62
BALANCE FORWARD	-2,089,450	17,650,470	17,035,177	-3.49	21,025,897	23.43
FEDERAL FUND	5,140,370	5,862,450	6,298,252		6,298,252	.00
HIGHWAY FUND	1,769,398	1,806,299	2,013,052	11.45	2,121,544	5.39
INTER AGENCY TRANSFER	5,179,661	5,154,583	6,131,123	18.95	5,998,995	-2.16
INTERIM FINANCE	3,589	285,392				.00
OTHER FUND	39,416,846	41,627,482	49,834,629	19.72	48,705,024	-2.27

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
DEPARTMENT OF AGRICULTURE						
AGRI, ADMINISTRATION	751,326	756,028	954,774	26.29	956,288	.16
GENERAL FUND	319,744	333,550	381,126	14.26	388,412	1.91
BALANCE FORWARD	-3,204					
FEDERAL FUND	28,808	29,478	33,398	13.30	33,398	
INTER AGENCY TRANSFER	405,978	392,589	540,050	37.56	534,278	-1.07
OTHER FUND		411	200	-51.34	200	
AGRI, GAS POLLUTION STANDARDS	393,321	491,596	591,792	20.38	521,287	-11.91
BALANCE FORWARD	63,033	213,394	166,907	-21.78	156,044	-6.51
INTER AGENCY TRANSFER	330,288	278,202	424,885	52.73	365,243	-14.04
AGRI, PLANT INDUSTRY	1,897,800	1,938,632	1,875,591	-3.25	1,940,646	3.47
GENERAL FUND	1,260,682	1,274,447	1,467,974	15.19	1,476,086	.55
BALANCE FORWARD	-7,031	30,002	56,367	87.88	114,959	103.95
FEDERAL FUND	98,015	124,132	35,000	-71.80	35,000	
INTER AGENCY TRANSFER	44,999	70,150	74,851	6.70	75,981	1.51
OTHER FUND	501,135	439,901	241,399	-45.12	238,620	-1.15
AGRI GRADE & ID OF AGRICULTURAL PR	289,339	438,321	402,885	-8.08	451,512	12.07
BALANCE FORWARD	4,653	69,744	62,725	-10.06	103,787	65.46
FEDERAL FUND	68,453	34,609	47,110	36.12	47,110	
OTHER FUND	216,233	333,968	293,050	-12.25	300,615	2.58
AGRI, AGRICULTURE REGISTRATION/EN	837,048	1,759,952	1,764,272	.25	1,632,128	-7.49
BALANCE FORWARD	-364,113	843,211	624,750	-25.91	489,827	-21.60
FEDERAL FUND	588,208	341,265	389,983	14.28	389,983	
OTHER FUND	612,953	575,476	749,539	30.25	752,318	.37
AGRI, LIVESTOCK INSPECTION	945,158	1,060,169	1,452,464	37.00	1,315,183	-9.45
GENERAL FUND			51,974		51,974	
BALANCE FORWARD	180,833	181,816	86,381	-52.49	370,764	329.22
INTER AGENCY TRANSFER	18,100	49,196	53,674	9.10	51,075	-4.84
OTHER FUND	746,225	829,157	1,260,435	52.01	841,370	-33.25
AGRI, VETERINARY MEDICAL SERVICES	933,503	992,958	1,047,184	5.46	1,046,111	-0.10
GENERAL FUND	757,840	739,672	825,334	11.58	824,287	-0.13
BALANCE FORWARD	-651					
FEDERAL FUND	17,531	42,897	70,000	63.18	70,000	
INTER AGENCY TRANSFER	137,679	115,673	51,960	-55.08	51,960	
OTHER FUND	21,104	94,716	99,890	5.46	99,864	-0.03
AGRI WEIGHTS & MEASURES	1,386,629	1,191,949	1,319,590	10.71	1,328,602	.68
GENERAL FUND	290,372	272,022	271,499	-.19	274,979	1.28
BALANCE FORWARD	198,621	3,133		-100.00		
INTER AGENCY TRANSFER	169,096	170,505	231,039	35.50	234,097	1.32
OTHER FUND	728,540	746,289	817,052	9.48	819,526	.30

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
AGRI, NOXIOUS WEED & INSECT CONTR	203,238	521,339	525,078	.72	534,388	1.77
GENERAL FUND	-14,942					
BALANCE FORWARD	25,583	8,065	67,192	733.13	101,852	51.58
FEDERAL FUND	66,146	379,939	307,886	-18.96	282,536	-8.23
INTER AGENCY TRANSFER	20,000	20,000		-100.00		
OTHER FUND	106,451	113,335	150,000	32.35	150,000	
AGRI, PREDATORY ANIMAL & RODENT C	882,275	803,697	949,835	18.18	969,767	2.10
GENERAL FUND	617,157	614,777	712,605	15.91	731,842	2.70
INTER AGENCY TRANSFER	218,588	140,000	189,056	35.04	188,139	-4.49
OTHER FUND	46,530	48,920	48,174	-1.52	49,786	3.35
AGRI, NEVADA JUNIOR LIVESTOCK SHO	35,807	36,937	35,875	-2.88	35,875	
GENERAL FUND	35,807	36,937	35,875	-2.88	35,875	
TOTAL-DEPARTMENT OF AGRICULTURE	8,555,444	9,991,578	10,919,340	9.29	10,731,787	-1.72
GENERAL FUND	3,266,660	3,271,405	3,746,387	14.52	3,783,455	.99
BALANCE FORWARD	97,724	1,349,365	1,064,322	-21.12	1,337,233	25.64
FEDERAL FUND	867,161	952,320	883,377	-7.24	858,027	-2.87
INTER AGENCY TRANSFER	1,344,728	1,236,315	1,565,515	26.63	1,500,773	-4.14
OTHER FUND	2,979,171	3,182,173	3,659,739	15.01	3,252,299	-11.13
GAMING CONTROL BOARD						
GAMING CONTROL BOARD	30,392,138	30,106,736	35,587,986	18.21	35,710,450	.34
GENERAL FUND	23,945,100	23,620,158	27,751,395	17.49	27,859,715	.39
INTER AGENCY TRANSFER	6,406,356	6,374,978	7,004,734	9.88	7,018,878	.20
OTHER FUND	40,682	111,600	831,857	645.39	831,857	
GAMING CONTROL BOARD INVESTIGATI	7,328,970	9,494,338	10,103,466	6.42	10,117,610	.14
GENERAL FUND	-545,559					
BALANCE FORWARD		2,000	2,000		2,000	
INTER AGENCY TRANSFER	22,376					
OTHER FUND	7,852,153	9,492,338	10,101,466	6.42	10,115,610	.14
GAMING COMMISSION	299,567	460,954	406,913	-11.72	408,350	.35
GENERAL FUND	299,567	460,954	406,913	-11.72	408,350	.35
TOTAL-GAMING CONTROL BOARD	38,020,675	40,062,028	46,098,365	15.07	46,236,410	.30
GENERAL FUND	23,699,108	24,081,112	28,158,308	16.93	28,268,065	.39
BALANCE FORWARD		2,000	2,000		2,000	
INTER AGENCY TRANSFER	6,428,732	6,374,978	7,004,734	9.88	7,018,878	.20
OTHER FUND	7,892,835	9,603,938	10,933,323	13.84	10,947,467	.13

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
PUBLIC UTILITIES COMMISSION						
PUBLIC UTILITIES COMMISSION	10,623,144	15,665,594	16,247,263	3.71	15,708,410	-3.32
BALANCE FORWARD	-1,199,391	4,863,939	5,009,697	3.00	4,373,669	-12.70
FEDERAL FUND	174,731	140,795	174,731	24.10	174,731	
OTHER FUND	11,647,804	10,660,860	11,062,835	3.77	11,160,010	.88
TOTAL-PUBLIC UTILITIES COMMISSION	10,623,144	15,665,594	16,247,263	3.71	15,708,410	-3.32
BALANCE FORWARD	-1,199,391	4,863,939	5,009,697	3.00	4,373,669	-12.70
FEDERAL FUND	174,731	140,795	174,731		174,731	.00
OTHER FUND	11,647,804	10,660,860	11,062,835	3.77	11,160,010	.88
ECONOMIC DEVELOPMENT & TOURISM						
COMMISSION ON ECONOMIC DEVELOPMENT	3,032,364	5,079,524	3,689,488	-27.37	3,680,964	-23
GENERAL FUND	3,315,263	3,363,593	3,524,488	4.78	3,515,964	-24
BALANCE FORWARD	-412,655	929,811		-100.00		
FEDERAL FUND		681,000		-100.00		
OTHER FUND	129,756	105,120	165,000	56.96	165,000	
NEVADA FILM OFFICE	787,543	788,803	855,600	8.47	867,540	1.40
BALANCE FORWARD	9,272	7,356		-100.00		
INTER AGENCY TRANSFER	672,958	691,447	745,502	7.82	757,442	1.60
OTHER FUND	105,313	90,000	110,098	22.33	110,098	
RURAL COMMUNITY DEVELOPMENT	2,901,707	3,480,708	3,481,639	.03	3,487,506	.17
GENERAL FUND	146,674	141,700	220,639	55.71	226,506	2.66
BALANCE FORWARD	26,086	61,868		-100.00		
FEDERAL FUND	2,629,433	3,040,000	3,040,000		3,040,000	
OTHER FUND	99,514	237,140	221,000	-6.81	221,000	
PROCUREMENT OUTREACH PROGRAM	438,267	573,322	618,741	7.92	617,025	-28
GENERAL FUND	157,158	177,395	213,741	20.49	211,025	-1.27
FEDERAL FUND	277,459	386,147	400,000	3.59	400,000	
OTHER FUND	3,650	9,780	5,000	-48.88	6,000	20.00
COMMISSION ON TOURISM	14,399,191	15,007,251	12,983,881	-13.48	14,015,358	7.94
BALANCE FORWARD	3,028,252	3,148,396	588,868	-81.30	1,128,226	91.59
OTHER FUND	11,370,939	11,858,855	12,395,013	4.52	12,887,132	3.97
NEVADA MAGAZINE	1,867,545	2,518,085	2,563,145	1.79	2,734,598	6.69
BALANCE FORWARD	5,016	19,870	17,409	-12.39	173,251	895.18
INTER AGENCY TRANSFER	116,000	90,000	125,000	38.89	125,000	
OTHER FUND	1,746,529	2,408,215	2,420,736	.52	2,436,347	.64
TOTAL-ECONOMIC DEVELOPMENT & TOURISM	23,426,617	27,447,693	24,192,494	-11.86	25,402,991	5.00
GENERAL FUND	3,619,095	3,682,688	3,958,868	7.50	3,953,495	-14
BALANCE FORWARD	2,655,971	4,167,301	606,277	-85.45	1,301,477	114.67
FEDERAL FUND	2,906,892	4,107,147	3,440,000		3,440,000	.00
INTER AGENCY TRANSFER	788,958	781,447	870,502	11.40	882,442	1.37
OTHER FUND	13,455,701	14,709,110	15,316,847	4.13	15,825,577	3.32

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
COMMERCE & INDUSTRY						
MINERALS						
MINERALS	897,143	1,086,524	1,062,388	-2.22	1,011,819	-4.76
BALANCE FORWARD	-79,311	218,678	186,989	-14.49	136,420	-27.04
FEDERAL FUND	120,000	60,000	60,000		60,000	
INTER AGENCY TRANSFER	50,720	63,400	50,720	-20.00	50,720	
OTHER FUND	805,734	744,446	764,679	2.72	764,679	
TOTAL-MINERALS	897,143	1,086,524	1,062,388	-2.22	1,011,819	-4.76
BALANCE FORWARD	-79,311	218,678	186,989	-14.49	136,420	-27.04
FEDERAL FUND	120,000	60,000	60,000		60,000	
INTER AGENCY TRANSFER	50,720	63,400	50,720		50,720	.00
OTHER FUND	805,734	744,446	764,679		764,679	.00
COMMERCE & INDUSTRY						
GENERAL FUND	38,608,745	39,890,075	43,719,251	9.60	43,576,482	-0.33
BALANCE FORWARD	-614,457	28,251,753	23,904,462	-15.39	28,176,696	17.87
FEDERAL FUND	9,209,154	11,122,712	10,856,360	-2.39	10,831,010	-0.23
HIGHWAY FUND	1,769,398	1,806,299	2,013,052	11.45	2,121,544	5.39
INTER AGENCY TRANSFER	13,792,799	13,610,723	15,622,594	14.78	15,451,808	-1.09
INTERIM FINANCE	3,589	285,392				
OTHER FUND	76,198,091	80,528,009	91,572,052	13.71	90,655,056	-1.00
TOTAL-COMMERCE & INDUSTRY	138,967,319	175,494,963	187,687,771	6.95	190,812,596	1.66
Less: INTER AGENCY TRANSFER	13,792,799	13,610,723	15,622,594	14.78	15,451,808	-1.09
NET-COMMERCE & INDUSTRY	125,174,520	161,884,240	172,065,177	6.29	175,360,788	1.92

HUMAN SERVICES

Human Services consists of the Department of Human Resources (which includes Health Care Financing and Policy, Aging Services, Health, Welfare, Mental Health and Developmental Services, and Child and Family Services), and the Department of Employment, Training, and Rehabilitation.

The Governor has recommended General Fund appropriations for Human Services totaling \$654.1 million for FY 2003-04, a 20.5 percent increase over FY 2002-03, and \$710 million for FY 2004-05, an 8.6 percent increase over FY 2003-04. Budget recommendations from all funding sources total \$1.83 billion in FY 2003-04, a 8.4 percent increase, and \$1.93 billion in FY 2004-05, a 6.0 percent increase after inter-agency transfers are deducted.

DEPARTMENT OF HUMAN RESOURCES

DIRECTOR'S OFFICE

The Director's office is responsible for coordinating all departmental programs, the oversight of the department's budgets and providing technical assistance to the various divisions. Currently, nine budget accounts are directly administered by the office, including: DHR Administration; Title XX-Purchase of Social Services Block Grant; Community Services Block Grant; Family-to-Family Connection Program; Family Resource Centers; State and Community Collaborations (Chapter I-Special Education); Healthy Nevada Fund Administration; Children's Trust Account; and the Blue Cross/Blue Shield Settlement budget.

For the 2003-05 biennium, The Executive Budget recommends that the director's budget be funded primarily with a General Fund appropriation. In FY 2003-04, the recommended General Fund amount of \$913,675 is approximately 15.5 percent greater than the \$791,198 legislatively approved budget for FY 2002-03. In FY 2004-05, the recommended General Fund amount of \$916,546 is a slight 0.3 percent increase over the amount recommended in FY 2003-04. The budget also includes the transfer in of revenue from the newly proposed Grants Management Unit and from the existing Healthy Nevada Fund Administration budget. Revenue from the proposed Grants Management Unit totals \$283,513 in FY 2003-04 and \$299,494 in FY 2004-05. The Healthy Nevada Fund transfer is recommended at \$82,541 in FY 2003-04 and \$87,359 in FY 2004-05. The transfers would fund new and existing positions as detailed below. The budget also includes approximately \$2.9 million in each year of the biennium in MAXIMUS revenue, which is realized through an independent contract with the MAXIMUS firm, which assists the department in identifying and maximizing federal revenue. The majority of those funds, \$2.5 million each year, are included in the Reserve category.

The budget recommends a new Auditor III position to establish an audit function in the Director's Office. Also recommended is the transfer in of an existing Administrative Services Officer I from the Family-to-Family Connection budget who would manage a proposed fiscal unit and the transfer in of an existing Administrative Services Officer III and a .51 FTE Accounting Assistant II from the State and Community Collaborations budget to manage the independent contract function. The total of 3.51 FTE are recommended to be funded with a

transfer in of revenue from the proposed new Grants Management Unit budget. The budget also recommends the transfer in of an existing Auditor II position from the Healthy Nevada Fund Administration budget to be funded by a transfer of revenue from that budget account to provide oversight for grants issued from the Fund for a Healthy Nevada and to perform income verification for Senior Prescription (Rx) program applicants. Overall, the budget recommends the continuation of 10 FTE positions, 1 new FTE position and the transfer in of 3.51 existing FTE positions for a total of 14.51 FTE positions for the 2003-05 biennium.

DEVELOPMENTAL DISABILITIES

This program was created by Congress to promote the independence, productivity, and inclusion of people with developmental disabilities. The program provides conditional demonstration grants to the community, conducts analyses of various services and provider systems, and works to identify and fill gaps in service delivery. General Funds provided to this program are used to operate the Home of Your Own program, which provides assistance to low-income disabled first-time homebuyers. Federal funds are primarily designated for developing assisted housing opportunities. The Executive Budget recommends General Fund appropriations of \$236,391 and federal funds of \$892,748 to fund Developmental Disabilities' Home of Your Own and assisted housing programs for the 2003-05 biennium.

COMMUNITY BASED SERVICES

The Executive Budget recommends that the Community Based Services and Developmental Disabilities budget accounts, which currently reside within the Department of Employment, Training and Rehabilitation, be transferred into the Director's Office of the Department of Human Resources.

The Office of Community Based Services (OCBS) budget account currently employs 7 FTEs and administers six community based programs: Personal Assistance Services (PAS), Traumatic Brain Injury (TBI), Assistive Technology, Telecommunication Devices for the Deaf, Independent Living, and the Deaf Resources Center. Services provided include: program oversight, administration, grant management, program monitoring, fund distribution, state and federal reporting, and program planning. The Governor is not recommending any new programs or major enhancements for this budget. The Executive Budget recommends funding of \$6.1 million in FY 2003-04, representing a 36.8 percent reduction in funding from FY 2002-03. The Executive Budget recommends funding of \$5.3 million in FY 2004-05, representing a further reduction in funding of 14.2 percent from FY 2003-04.

HEALTHY NEVADA FUND ADMINISTRATION

Funding for the Healthy Nevada Fund is provided through a transfer from the Treasurer's Office of tobacco settlement funds received by the state of Nevada. As enumerated in NRS 439.600 et. seq., the Healthy Nevada Fund receives 50 percent of the tobacco settlement funds received by the state. Of this amount, 20 percent is allocated for grants to reduce tobacco use, 20 percent for grants to improve the health of children and persons with disabilities, and 30 percent to support the Senior Prescription Program. These programs are administered by the Director's

Office under the auspice of the Task Force for the Fund for a Healthy Nevada. The remaining 30 percent is allocated to the Division of Aging Services for programs that assist senior citizens with independent living.

The Executive Budget recommends the addition of General Fund support in this account to address the waiting list, expand the number of enrollees in the Senior Prescription Program, and to provide clerical support for the program. As recommended by the Governor, General Fund support in the amount of \$1.8 million for FY 2003-04 and \$3.2 million for FY 2004-05 would be provided to increase the number of participants from the current level of 7,500 (funded entirely with tobacco proceeds) to 12,000 participants by the end of the 2003-05 biennium. In total, The Executive Budget recommends combined General Fund and tobacco settlement support in the amount of \$38.9 million over the 2003-05 biennium. This represents an increase of approximately 6.9 percent over the \$36.5 million for the 2001-03 biennium.

The budget also recommends the transfer of staffing, administrative and program costs related to the grant activities for tobacco reduction and improving the health of children and persons with disabilities to the newly recommended Grants Management Unit budget. In addition, The Executive Budget recommends the transfer of an Auditor II position from this account to the Director's Office, using continued funding from the tobacco settlement proceeds.

TITLE XX-PURCHASE OF SOCIAL SERVICES

This program, established in 1974 under Title XX of the Social Security Act, provides states with funds for a wide variety of social service programs. The budget recommends total expenditure authority of \$13.1 million in each fiscal year of the 2003-05 biennium; approximately the same amount available in FY 2002-03. While expenditure authority remains relatively constant, the revenue mix is different from that of the 2001-03 biennium. The federal allocation of Social Services Block Grant funds to Nevada reflected in the budget increases from \$11.5 million in FY 2001-02 to \$12.4 million in FY 2003-04 and \$12.8 million in FY 2004-05. The funds are sub-granted to state and non-state agencies for social programs.

The budget also recommends a reduction in the transfer in of Temporary Assistance to Needy Families (TANF) Block Grant funding from \$1.9 million approved for FY 2002-03 to \$654,534 in FY 2003-04 and \$243,884 in FY 2004-05. The budget also recommends the transfer in of a .50 FTE existing Administrative Assistant III from the Family-to-Family Connection budget to be funded with MAXIMUS revenue. Lastly, the Governor recommends the elimination of this budget account and the transfer of program costs and grant expenditures to the newly-recommended Grants Management Unit budget.

FAMILY-TO-FAMILY CONNECTION PROGRAM

This program was initially recommended in The Executive Budget for the 1997-99 biennium and was approved by the 1997 Legislature to provide assistance to families with newborns; providing them with positive parenting, optimal child development, healthy family structures and community support. The primary revenue source is General Fund together with \$100,000 each year in Title XX Social Services Block Grant revenue. The Governor recommends the

elimination of this budget account and the transfer of program costs and grant expenditures to the newly recommended Grants Management Unit budget. In the new budget, block grant expenditures increase slightly from \$1.3 million in FY 2002-03 to \$1.4 million in each fiscal year of the 2003-05 biennium. The majority of recommended expenditures are included as block grants to the 13 Infant Support Districts (ISDs) and the New Baby Centers included in the ISDs. Within the Grants Management Unit, the Governor also recommends that this program be consolidated with the Family Resource Center Program.

FAMILY RESOURCE CENTERS

The Family Resource Centers program was established during the 1995-97 biennium through the passage of Senate Bill 405 by the 1995 Legislature. The program's intent is to develop neighborhood centers that provide a wide array of services and referrals for at-risk families that will promote individual and family well-being. The budget is funded entirely with General Fund revenue. For the 2003-05 biennium, the adjusted base budget continues total expenditures at approximately \$1.4 million per year, the same level as FY 2002-03. The majority of recommended expenditures are included as grants to the 38 Family Resource Centers located statewide. The grants are recommended at approximately \$1.3 million in each year, the same amount as actual FY 2001-02 expenditures.

The budget also recommends the elimination of this budget account and the transfer of program costs and grant expenditures to the newly-recommended Grants Management Unit budget. Within the Grants Management Unit, the Governor recommends the elimination of the Local Governing Boards that oversee the allocation of state funding and program implementation within the centers. There are currently two boards, one for Washoe county and the northern/rural region of the state and one for Clark county and the southern/rural region of the state.

GRANTS MANAGEMENT UNIT

This is a new budget account, which is being proposed for the 2003-05 biennium; the creation of a similar budget account was recommended to the 2001 Legislature, but was not approved. The budget indicates staff assigned to various programs proposed to be consolidated into this account are allowed no flexibility and present cost allocation issues when required to work outside their funding source. The new account, which totals nearly \$31 million (approximately \$2.8 million in General Fund and \$28.2 million in federal and other funds) in each year of the 2003-05 biennium, consolidates funding from the following existing programs: Title XX Purchase of Social Services, Family-to-Family Connection, Family Resource Centers, Community Services Block Grant, Children's Trust Account, and Healthy Nevada Grants.

The Governor recommends \$340,249 in MAXIMUS funding over the 2003-05 biennium to pay the Title XX Purchase of Social Services share of the administrative costs to avoid negatively impacting Title XX grant recipients. The Governor also recommends the consolidation of the Family to Family Connection Program into the Family Resource Centers Program and the elimination of the Local Governing Boards connected to Family Resource Centers. A total of 9.02 FTE existing positions are recommended to transfer into the budget. One new position is

recommended, a Social Welfare Program Chief II, to manage the program for a total of 10.02 FTE positions.

DIVISION OF HEALTH CARE FINANCING AND POLICY

The Division of Health Care Financing and Policy is responsible for administering the Medicaid and Nevada Check-Up programs, the Disproportionate Share and Intergovernmental Transfer (IGT) programs, federal maximization efforts and the state's health care cost containment and data collection activities. The division's mission is to purchase and ensure the provision of quality health care services to low-income Nevadans in the most efficient manner; to promote access to health care at an affordable cost; to restrain the growth of health care costs; and to review Medicaid and other state health care programs to determine potential revenue maximization.

Overall total funding for the division is recommended at approximately \$2.17 billion (\$671.7 million in General Fund) for the 2003-05 biennium, which represents an 18.7 percent increase compared to the total funding approved for the 2001-03 biennium. Of this total, the amount recommended to fund Medicaid is approximately \$1.95 billion, or 90 percent of the total. The Executive Budget recommends General Fund support for the division be increased by approximately \$137 million over the 2003-05 biennium when compared to the amount of General Fund support approved for the division by the 2001 Legislature for the 2001-03 biennium. This represents an increase of approximately 25.6 percent. The increase in General Fund support would have been approximately \$176.4 million; however, The Executive Budget recommends the continuation of budget reductions in the Medicaid program that were implemented during the 2001-03 biennium and new cost containment initiatives, which reduce General Fund expenditures by approximately \$39.5 million over the 2003-05 biennium. Additionally, the federal match participation (FMAP) rate is projected to increase for both fiscal years of the 2003-05 biennium, which reduces the General Fund match required to fund the expenditures recommended in the Medicaid and Check-Up programs. The increase recommended in General Fund support is primarily attributable to the following:

1. Caseload increases for the Medicaid and Check-Up budgets in the amount of \$148.5 million over the 2003-05 biennium.
2. The recommendation to establish an optional program in Medicaid that allows employed individuals with disabilities to obtain Medicaid coverage through a buy-in process which will increase General Fund support by approximately \$4.5 million over the 2003-05 biennium.
3. The elimination of the CHAP assets test, which will increase Medicaid caseload and General Fund support by approximately \$3.4 million over the 2003-05 biennium.
4. The expansion of several existing Medicaid waivers as well as the recommendation to add new waiver services which will increase General Fund support by approximately \$3.8 million over the 2003-05 biennium.

5. The transfer of General Fund match from the Youth Community Services budget to the Medicaid budget for medical care costs for children under the custody of the Division of Child and Family Services (DCFS). The transfer increases the amount of General Fund included in the Medicaid budget by approximately \$21.9 million over the 2003-05 biennium.

The Executive Budget recommends two supplemental appropriations for FY 2002-03 in the amounts of \$7.3 million to cover the projected shortfall in the Medicaid budget, primarily as a result of caseload growth and \$510,155 to cover the projected shortfall in the Check-Up budget as a result of enrollment growth. The request for a supplemental appropriation for Medicaid will also cover long-term care expenditures that several rural counties participating in the County Match program will be unable to pay for the remainder of FY 2002-03.

ADMINISTRATION

The Executive Budget recommends 1 new FTE position to serve as the division's Privacy Officer to ensure staff complies with privacy procedures required by the Health Insurance Portability and Accountability Act (HIPAA) and proposes the transfer of 26.5 existing FTE positions from the Medicaid and Check-Up budgets into the division's administrative budget. The proposed transfers will consolidate within the administrative budget all existing positions whose assigned duties support the division's various programs and budgets. According to the proposal, the transfers will assist the division with implementing a new cost allocation plan in a more efficient manner and maximize the utilization of federal and other non-state funding sources.

MEDICAID

Medicaid is the state-administered program for medical assistance established in 1965 with passage of Title XIX of the Social Security Act. The Medicaid program purchases or provides medical services for persons who meet certain eligibility criteria. Medicaid covers three main groups of low-income people: parents and children, the elderly and the disabled. Under federal Medicaid law, there are certain eligible groups and benefits that must be covered by states. However, states are given a great deal of discretion and flexibility to determine the various categories of benefits and the eligible groups their Medicaid program will cover. Nevada has adopted both optional eligibility groups and optional benefit packages to be covered under its Medicaid plan. The eligible groups covered by Nevada Medicaid include the following: Temporary Assistance to Needy Families (TANF) and TANF medical-only cases; Child Health Assurance Program (CHAP), which includes pregnant women and children, including the unborn, in families that are above the TANF income limits but under the poverty limits for CHAP; Medical Assistance for the Blind, Aged and Disabled (MAABD); and individuals receiving adoption assistance or foster care under Title IV-E of the Social Security Act (child welfare).

The Executive Budget recommends General Fund support for the Medicaid program be increased by approximately \$132.7 million over the 2003-05 biennium compared to the General Fund support approved by the 2001 Legislature for the 2001-03 biennium, an increase 25.9 percent.

Caseload – The Executive Budget recommends approximately \$346.6 million (\$143.3 million General Fund) over the 2003-05 biennium for the increased costs associated with the projected growth in caseload. Medicaid caseloads are projected to increase by approximately 30 percent for FY 2003-04 over FY 2001-02, and by 10.4 percent in FY 2004-05 over the projected caseload for FY 2003-04 (see table below). A total of 6 new FTE positions are recommended for the increased workload associated with caseload growth and will support the following activities: provider support and education for rural federally qualified health centers, regional health centers and Indian health services; statistical and informational analysis for multiple program areas; monitoring inpatient program services; coordination of the outreach program for HIV/AIDS recipients; and provide clerical support.

Fiscal Year	FY 2002	FY 2003 (Proj)	FY 2004 (Gov Rec)	FY 2005 (Gov Rec)
Recipients	141,798	165,978	184,637	203,777
Percent Change	***	17.1%	11.2%	10.4%

Rate Increases – The Executive Budget provides approximately \$37.7 million (\$16.8 million General Fund) for mandatory rate increases for pharmacy and hospice services. Pharmacy rates are recommended to increase by 12.5 percent for FY 2003-04 and an additional 12 percent for FY 2004-05. The rates for hospice services are recommended to increase by 3 percent for each fiscal year of the 2003-05 biennium.

Additionally, The Executive Budget recommends discretionary rate increases for a small number of providers included in the strategic planning process undertaken by the department, in accordance with AB 513 approved by the 2001 Legislature. The rate increases recommended are for developmentally disabled home and community-based waiver services, which include community training centers and supported living arrangements. Also, discretionary rate increases are recommended for therapy services, which include physical therapy, occupational therapy and speech therapy. The Executive Budget includes approximately \$7 million (\$3.1 million General Fund) over the 2003-05 biennium to provide rate increases for critical providers and services the division has identified that were not included in the strategic planning process. The critical providers and services include transportation, air ambulance, orthodontia and dental, group care waiver and personal care services under the disabled waiver.

HIPAA/MMIS - The 2001 Legislature approved AB 516, which provided a one-time appropriation in the amount of \$2,090,840, which would be matched with enhanced federal funding for the design, development and implementation of the Medicaid Management Information System (MMIS) and a Pharmacy Point of Sale (POS) system. The cost to fully implement the MMIS and POS systems was projected at approximately \$25.6 million, and it was anticipated the MMIS system would be fully operational by the summer of 2004. In September 2002, the division signed a contract for both the implementation and the operation of the MMIS and POS systems. The contract requires that the MMIS and POS systems be fully compliant with HIPAA mandates and that the MMIS system be implemented no later than October 16, 2003, the deadline for HIPAA implementation. The Pharmacy Point of Sale (POS) system became operational on February 1, 2003.

The Executive Budget includes additional funding in the amount of \$15.8 million (\$7.4 million General Fund) for FY 2003-04 to reduce the Medicaid claims inventory to 10,000 claims from an

estimated 100,000 claims as of June 30, 2003. The reduction in claims inventory is a one-time cost and is necessary to allow for the smooth transition from the current method of claims processing and payment to the MMIS system. The Executive Budget also proposes to eliminate funding for several single source contracts (drug utilization, med-intelligence and quality improvement review) that will no longer be needed because the contractor will assume these responsibilities once the MMIS system is operational. Additionally, the division plans to request that AB 516 be amended to change the reversion date and allow the unspent portion of the one-time appropriation be available for spending during the 2003-05 biennium to complete the implementation process.

County Match - Over the past several biennia, the state has allocated Intergovernmental Transfer (IGT) revenues to fund the Institutional Care Fund, which is a revenue pool established by the Legislature to assist financially strapped counties with their portion of Medicaid long-term care costs. For the 2001-03 biennium, the 2001 Legislature allocated IGT revenues in the amount of \$500,000 for each fiscal year to replenish the Fund. Due to the financial difficulties experienced by several rural counties during the current biennium, the Fund has been depleted.

The Executive Budget recommends a new proposal that would hold counties harmless for long-term care costs which exceed the revenue that a county is able to generate from the equivalent of an 8-cent property tax levy for the County Match program. Under the proposal, the state would then cover the long-term care costs that exceed this revenue threshold. The Executive Budget recommends approximately \$2 million over the 2003-05 biennium to ensure there is sufficient funding in the Medicaid budget to cover the additional long-term care costs that the state would be responsible for under this proposal.

New Initiatives – The Executive Budget recommends approximately \$10.3 million (\$4.5 million General Fund) over the 2003-05 biennium for a new program that would allow employed disabled individuals that meet certain income and resource requirements to obtain Medicaid coverage through a buy-in mechanism. This is an optional program that states are allowed to implement and is designed to improve competitive employment opportunities for people with disabilities. The buy-in program would be implemented in October 2003, and enrollment would be phased in over the 2003-05 biennium. The cost estimates for the buy-in program assume 638 disabled individuals would enroll in the program, and that the caseload would increase by 2.25 percent on an annual basis. Since enrollment in the program is phased in, the total biennial costs for the buy-in program would not be realized until the 2005-07 biennium. The Executive Budget recommends 4 new positions to administer the program and provide case management services.

The Executive Budget provides approximately \$11.5 million (\$3.9 million General Fund) over the 2003-05 biennium for the additional caseload anticipated for removing the assets test for the Child Health Assurance Program (CHAP), an existing eligibility requirement for Medicaid. The elimination of the CHAP assets test was an initiative approved by the 2001 Legislature; however, it was deferred during the interim as a budget savings measure. The CHAP assets test has been considered an enrollment barrier and potentially a reason families fail to complete the Medicaid application process. It is anticipated that eliminating the CHAP assets test will reduce enrollment in the Check-Up program because individuals would now become eligible for

Medicaid. The Check-Up budget is reduced by approximately \$500,000 in General Fund over the 2003-05 biennium to account for this anticipated transition.

Expansion of Medicaid Waivers - The Executive Budget recommends the expansion of several existing Medicaid waivers, as well as introduces new waiver services for the 2003-05 biennium. The following briefly recaps the expansions that are recommended.

- The Executive Budget provides additional funding to transition PCA (personal care attendant) services from a waiver service to a state plan service. Currently, the Community Home-Base Initiative (CHIP) program administered by the Division for Aging Services provides the same services that are available under the Medicaid state plan for the PCA program. According to regulation, services that are to be provided in a Medicaid waiver must not duplicate services that are provided under the state plan. Also, the assessment methods used to determine the number of PCA hours needed under the CHIP program and the methods used for PCA services under the state plan are different. This could result in a client receiving differing levels of care, depending on which program the client is in, which is a violation of Medicaid regulation. To rectify this bifurcation, The Executive Budget proposes to remove PCA services provided as part of the CHIP waiver and offer these services as part of the Medicaid state plan. There are additional costs because the Medicaid reimbursement rates for PCA services are higher and allow for more hours of service to eligible clients on a weekly basis. The Division for Aging Services will continue to provide case management services for the CHIP program.
- The Executive Budget recommends approximately \$3.5 million (\$1.35 million General Fund) over the 2003-05 biennium for additional slots for the CHIP and Group Care waiver programs. The additional slots would help reduce the existing waiting list for services.
- The Executive Budget recommends approximately \$97,000 (\$43,000 General Fund) to add another level of care for adult day health care providers beginning in FY 2003-05. The additional level of care would provide for medical and restorative care that is currently not available to clients who are in need of greater supervision within an adult day health care setting. The additional level of care would potentially lower total nursing facility costs.
- The Executive Budget recommends approximately \$4.3 million (\$1.9 million General Fund) over the 2003-05 biennium to add a total of 160 new slots for the Physically Disabled Waiver program and 5 new positions to provide case management services. The additional slots recommended would eliminate the existing waiting list for services. The funding recommended would support the additional costs to comply with SB 174 approved by the 2001 Legislature, which requires state agencies that administer personal assistance programs such as Medicaid make available and provide minimum essential personal assistance to individuals with severe disabilities. Minimum essential personal assistance means assistance with a severe functional disability for six hours or less per day and includes eating, bathing, toileting, dressing, moving about and taking care of

oneself. The SB 174 legislation requires state agencies include these requests in the biennial budget process. The Legislature determines if there is adequate funding to support the enhanced service levels.

- The Executive Budget recommends slightly over \$1 million (\$450,000 General Fund) over the 2003-05 biennium to expand the Adult Group Care waiver and provide for two additional levels of care. Currently, the Adult Group Care waiver provides supervision or stand-by assistance for the activities of daily living, i.e., bathing, eating, grooming and toileting. The second level of care would provide clients who require moderate assistance to accomplish activities of daily living (the assistance of one person). The third level of care would provide for recipients who require maximum or total assistance to accomplish activities of daily living (the assistance of one or two persons). These services would be available to clients residing in a group care or assisted living arrangement. It is anticipated the expansion would result in fewer persons being placed in long-term care facilities by reimbursing Group Care Facilities to provide higher levels of service.

Budget Reductions/Cost Containment Initiatives – The Executive Budget recommends the continuation of most of the budget reduction measures that were implemented during FY 2002-03 as well as new cost containment initiatives that would reduce Medicaid expenditures by approximately \$39.5 million in General Fund over the 2003-05 biennium. The budget reduction measures that were implemented during FY 2003 and are recommended to continue during the 2003-05 biennium include the elimination of the unemployment insurance income exemption; the implementation of a prior and payment authorization process for certain prescription drugs; the implementation of a maximum unit dosage for certain prescription drugs; the reduction to the pharmacy reimbursement rate; and a reduction to the reimbursement rate paid to HMOs participating in the managed care program.

The new cost containment initiatives that are recommended for implementation over the 2003-05 biennium are as follows:

- Reduce the number of hours per week that personal care assistance (PCA) services can be provided under the Medicaid state plan.
- Eliminate life skills training from the Rehabilitation and Case Management Services (RECAMS) program.
- Establish reimbursement levels for physicians at 90 percent of the Medicare reimbursement rate except for OB and perinatal services.
- Establish a Medicaid preferred drug list.
- Establish maximum allowable costs for the reimbursement of generic drugs and drugs with multiple suppliers.
- Reduce total payments made for Graduate Medical Education (GME).

NEVADA CHECK-UP

The Balanced Budget Act of 1997 created the State Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act to enable states to initiate and expand health care coverage targeted for low-income uninsured children. The Check-Up program was approved as a stand-alone program that covers children ages birth through 18 years from families with income up to 200 percent of poverty. The Check-Up program's benefit package mirrors the medical benefits and services available to Medicaid clients. Eligible families pay quarterly premiums ranging from \$10 to \$50 based on the family's income level as a percent of poverty. Services are provided under a managed care arrangement with participating HMOs in Clark and Washoe counties and on a fee-for-service basis in areas of the state where an HMO network does not exist. Enrollment in the program began in October 1998.

The Executive Budget recommends General Fund support for the Check-Up program be increased by approximately \$1 million over the 2003-05 biennium compared to the General Fund support that was legislatively approved for the 2001-03 biennium. The increase in General Fund support would have been greater; however, The Executive Budget recommends the continuation of two budget savings measures that were implemented during FY 2002-03 which are estimated to save approximately \$2 million over the 2003-05 biennium. These two measures include the elimination of the employment insurance benefit exemption and the reduction in the capitated payment to HMO providers. Additionally, the recommendation to eliminate the CHAP assets test as a requirement for determining Medicaid eligibility for pregnant women and children will reduce caseload, as well as General Fund expenditures in the Check-Up budget by approximately \$500,000 over the 2003-05 biennium.

The Executive Budget recommends additional funding to allow the average monthly enrollment in the Check-Up program to increase to 28,980 children for FY 2003-04 and 32,655 children for FY 2004-05. As of January 2003, there were over 25,500 children enrolled in the Check-Up program. The table below displays the actual caseload for FY 2001-02 and the projected caseload growth in the Check-Up program for the 2003-05 biennium.

FY 2002	FY 2003 (est)	% Diff	FY 2004 (Gov Rec)	% Diff	FY 2005 (Gov Rec)	% Diff
22,414	25,718	14.7%	29,980	16.6%	32,655	8.9%

INTERGOVERNMENTAL TRANSFER PROGRAM

The Intergovernmental Transfer (IGT) program collects monies primarily from public hospitals and counties pursuant to NRS 422.380 through NRS 422.390. The monies collected are utilized to help fund medical expenditures in the Medicaid program. Additionally, the IGT program, in conjunction with funding approved in the Medicaid program for disproportionate share (DSH), helps to fund indigent medical costs incurred by entities participating in this program.

The Executive Budget proposes to continue the IGT program for the 2003-05 biennium as designed and approved by the 2001 Legislature. For the 2003-05 biennium, The Executive Budget estimates the IGT program will generate a benefit to the state in the amount of

approximately \$17.8 million for FY 2003-04 and \$18.7 million for FY 2004-05. The benefit to the state that is generated is used to help offset costs in the Medicaid program. The public hospitals and counties participating in the program will receive approximately \$20 million in additional funds for each fiscal year of the 2003-05 biennium in the form of DSH payments from the Medicaid program.

Over the past several biennia, the unobligated reserve in the IGT budget has been used extensively as a supplemental revenue source to offset the amount of state General Funds needed to cover expenditures in the Medicaid program. During the 2001-03 biennium, the Interim Finance Committee approved using approximately \$21.2 million from the IGT reserve to offset the projected shortfall in the Medicaid budget for FY 2001-02. The division anticipates the need to use approximately \$12.9 million from the IGT reserve to offset a portion of the projected \$20 million shortfall in the Medicaid budget for FY 2002-03. The accumulated effect of these actions will reduce the IGT reserve to approximately \$4 million at the end of FY 2002-03. For the 2003-05 biennium, the IGT program will not have excess reserves to use as a revenue source to offset Medicaid expenditures.

DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES

The Division of Mental Health and Developmental Services (MHDS) is responsible for the development, administration, coordination and evaluation of state treatment and training programs for mentally ill and mentally retarded citizens. The division consists of Administration and the following programs and facilities: Northern Nevada Adult Mental Health Services; Southern Nevada Adult Mental Health Services; the Lake's Crossing Facility for the Mental Offender; Rural Clinics; Desert Regional Center; Sierra Regional Center; Rural Regional Center; and the Family Preservation Program.

The Governor recommends a total budget for MHDS in the 2003-05 biennium of \$371.6 million, a 33.8 percent increase over the 2001-03 legislatively approved total of \$277.8 million. Total General Fund appropriations recommended in FY 2003-04 are \$115.7 million, an increase of \$21 million (22.2 percent) compared to FY 2002-03. An additional General Fund increase of \$15.8 million, or 13.7 percent, to \$131.6 million is recommended in FY 2004-05.

DIVISION ADMINISTRATION

MHDS Administration is responsible for overseeing the state's mental health and developmental services policies and regulations; coordinating program development and operations statewide; establishing service and funding priorities; and maintaining fiscal responsibility. The Executive Budget recommends continued funding of \$100,000 each fiscal year of the 2003-05 biennium for the Suicide Prevention Hotline. A new Privacy Officer position is recommended to oversee all activities related to the organization's policies covering the privacy and access to client information in compliance with the Health Insurance Portability and Accountability Act (HIPAA). The Governor recommends transferring a 0.75 FTE Licensed Psychologist position to the Lake's Crossing Facility for the Mental Offender to help coordinate services with the Department of Corrections for the sex offender panel. The Governor also recommends

eliminating funding for the UNR Psychiatric Resident program at Northern Nevada Adult Mental Health Services.

The Executive Budget recommends \$2.55 million (\$2.17 million General Fund) to begin implementation of a new client billing and information system to replace the existing Advanced Institutional Management Software (AIMS) system. The Governor's budget provides for significant increases in medication costs, from \$11.1 million in FY 2001-02 to \$17 million in FY 2003-04 (a 52.9 percent increase) and to \$20.7 million in FY 2004-05 (an additional 22.2 percent increase). The Governor also recommends increases in rates paid to community training centers (CTC's) and supported living arrangement (SLA's) service providers of 7 percent in the first year and 8 percent in the second year of the 2003-05 biennium.

NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES

Northern Nevada Adult Mental Health Services (NNAMHS) provides psychiatric and psychological services to the seriously and chronic mentally ill population in northern Nevada. NNAMHS is staffed for 40 inpatient beds plus 10 emergency beds in the psychiatric emergency services (PES) unit, with an average census of 36 and 6 clients, respectively, in FY 2001-02. The Governor recommends a total budget increase of 23.8 percent in FY 2003-04 over FY 2002-03, and an additional increase of 8 percent in FY 2004-05. General Fund appropriations of \$19.9 million are recommended in FY 2003-04, an increase of 28.5 percent over FY 2002-03, with an additional 8.5 percent increase to \$21.6 million in FY 2004-05.

The Executive Budget recommends a total of 8.77 new FTE positions: 7.02 FTEs to address medication clinic caseload increases; and 1.75 FTE mental health counselors for outpatient caseload increases. The Governor recommends eliminating 4.98 FTE positions due to long-term vacancies, utilizing some of the savings to support increased psychiatric contract services.

The Governor recommends continuation of budget reductions that were implemented in FY 2002-03, including elimination of the 8-bed Residential Treatment Program, with savings utilized to support a total of 15 community placements. The budget reductions also eliminate a campus security contract and free bus passes for clients.

LAKE'S CROSSING FACILITY FOR THE MENTAL OFFENDER

The Lake's Crossing Facility for the Mental Offender is located in Washoe County and is Nevada's only program for mentally disordered offenders. The agency provides services to individuals who have been evaluated as not guilty by reason of insanity, incompetent to stand trial, or who require mental health services in a secure setting. The agency operates with a maximum capacity of 48 beds and provides its services statewide. The Governor recommends continuation of FY 2002-03 budget reductions by eliminating funding for 5.0 FTE positions that supported psychiatric services to the Clark County Detention Center and the Las Vegas City Jail. The Executive Budget recommends increasing the 0.75 FTE Licensed Psychologist transferred from the MHDS Administration account to a full-time position, and \$28,000 per year for contract services supporting a Psychiatric Resident Program with UNR to provide assistance to the

full-time psychiatrist in evaluating and treating clients. The contract interns will also provide backup coverage during the psychiatrist's absences under the supervision of doctors from NNAMHS.

RURAL CLINICS

The Rural Clinics program provides mental health services to all age groups in Nevada's 15 rural counties. A supplemental appropriation of \$614,729 is recommended in FY 2002-03 to fund anticipated revenue shortfalls, increased expenditures for contract psychiatric services, and expenditures for clinical hours. The Interim Finance Committee approved an allocation of \$413,000 from the Contingency Fund in FY 2001-02 to cover similar revenue shortfalls and increased expenditures. The Governor recommends 18.29 new FTE positions to support caseload growth in outpatient services, psychosocial rehabilitation, service coordination and community residential supports, along with an additional 1.27 FTE positions to address client waiting lists for these services.

SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES

Southern Nevada Adult Mental Health Services (SNAMHS) operates out of four sites and provides psychiatric and psychological services to the seriously and chronic mentally ill in Clark County. The main campus is located on West Charleston Boulevard. The 2001 Legislature approved funding to staff a total of 88 beds at SNAMHS; 78 inpatient and a 10-bed psychiatric emergency services (PES). In May 2002, in response to increasing demand for emergency services, SNAMHS increased the PES to 20 beds and reduced inpatient services to 68 beds utilizing existing staff. The Executive Budget recommends an increase in General Fund appropriations totaling \$3.2 million over the 2003-05 biennium supporting 36.7 new FTE positions to bring inpatient staffing levels up to 77 beds, and increasing the PES to 26 beds, for a total of 103 beds. The Governor is recommending two Capital Improvement Projects for this budget. CIP-C01 requests \$32.3 million to construct a new 150-bed inpatient facility (expandable to 190-beds) consisting of three 40-bed units and a 30-bed PES. CIP-P04 requests \$160,154 to conduct a feasibility study to remodel the existing inpatient hospital into a 50-bed forensic facility similar to Lake's Crossing after a new hospital is built.

The Executive Budget recommends 22.1 new FTE positions supporting caseload increases in the medication clinics, supported housing services, the 24-hour emergency Psychiatric Ambulatory Services (PAS) unit, and service coordination. The Governor recommends 7.53 new FTE positions to support increasing the Program for Assertive Community Treatment (PACT) to provide services for an additional 72 clients, and 5.6 new FTE positions to support a mobile crisis team that would provide rapid triage of mentally ill patients in Las Vegas area hospital emergency rooms. The Governor's budget eliminates the 10-bed Bruce Adams Residential Treatment program, but utilizes the funding to support 16 additional supported living arrangements (SLAs).

DEVELOPMENTAL SERVICES

The Governor recommends additional resources for the three regional developmental services budgets: Sierra Regional Center (SRC) in the north, Desert Regional Center (DRC) in the south, and the Rural Regional Center. The total budget for the three regions increases \$12.7 million (20 percent) in FY 2003-04 over FY 2002-03, and an additional \$15.4 million (20.3 percent) in FY 2004-05.

The Executive Budget recommends funding to support 3,236 clients in the adjusted base budget, and an additional 296 clients in FY 2003-04 and 298 clients in FY 2004-05 resulting from projected caseload growth in service coordination, family support (respite), residential supports, and jobs and day training. A total of 24.27 new FTE positions are recommended to serve the increase in caseload: 15.50 FTE at DRC, 4.26 FTE at SRC, and 4.51 FTE at Rural Regional Center. The Governor also recommends funding for an additional 258 clients on waiting lists for service coordination, family (respite) and residential supports, and jobs and day training. A total of 8.27 new FTE positions are requested to serve waiting list clients: 4.0 FTE at DRC, 3.27 FTE at SRC, and 1 FTE at the Rural Regional Center. The Governor's recommended budget would increase the total number of clients served 26.3 percent from 3,236 in FY 2002-03 to 4,088 in FY 2004-05.

The Governor recommends total funding of \$1.8 million (\$1 million General Fund) over the 2003-05 biennium to return 14 individuals residing in out-of-state institutions back to Nevada. The division would place these clients into community residential support services and jobs and day training in an effort to satisfy the requirements of the Americans with Disabilities Act and the Olmstead Decision, and to save funding in the Medicaid budget.

The Executive Budget recommends continuation of budget reductions implemented in FY 2002-03 by eliminating 12 ICF/MR beds at SRC, and 12 ICF/MR beds at DRC. A total of 30.77 FTE positions are eliminated as a result of the ICF/MR bed reduction: 16.49 FTE positions at DRC and 14.28 FTE positions at SRC. However, the Governor recommends reinstating the 20 community residential supports eliminated in FY 2002-03, along with placing the 24 clients displaced from ICF/MR beds into community residential supports.

FAMILY PRESERVATION PROGRAM

The Family Preservation program provides assistance to families caring for individuals with developmental disabilities in their homes. The 2001 Legislature approved the Governor's recommendation to provide 166 families \$310 per month in the 2001-03 biennium. The actual number of families receiving payments increased to 234 in FY 2001-02, decreasing the average payment to \$219 per month. The Executive Budget recommends increasing the payments back to \$310 per month for 234 families with additional General Fund appropriations of \$254,827 per year. The Governor also recommends General Fund appropriations of \$74,098 in FY 2003-04 and \$233,775 in FY 2004-05 to expand the program to an additional 34 families in FY 2003-04 and 56 families in FY 2004-05. Total General Fund appropriations increase from \$617,626 in FY 2002-03 to \$944,719, or 53 percent and increase to \$1.1 million, or 16.9 percent, in FY 2004-05.

HEALTH DIVISION

The State Health Division administers six bureaus to protect the health of Nevadans and visitors of the state. The division operates under the guidance of the seven-member, Governor-appointed State Board of Health, to enforce health laws and regulations, promote public health education, investigate the causes of disease, and provide direct public health services in Nevada's rural counties.

The Executive Budget recommends total funding for the division in the amount of \$289.5 million for the 2003-05 biennium, an increase of 47 percent when compared to the 2001-03 biennium. The majority of this increase is related to increases in programs supported with federal funds including the following: Safe Water Drinking Act; programs of the Bureau of Alcohol and Drug Abuse; Bioterrorism Preparedness programs; Immunizations; HIV/AIDS; and the Women, Infants and Children (WIC) Food Supplement programs.

Included in the Governor-recommended amounts is General Fund support for the division which totals \$43.5 million for the 2003-05 biennium, an increase of 31 percent compared to the 2001-03 biennium. The recommended increase primarily supports the following: approximately \$900,000 each fiscal year to support caseload growth in the Immunization program; approximately \$2.1 million for FY 2003-04 and \$2.5 million for FY 2004 -05 in "new" General Fund support for the Special Children's Clinics to address caseloads and waiting lists; and approximately \$2 million each fiscal year of the 2003-05 biennium in "transferred" General Fund support for programs recommended for transfer from the Division of Child and Family Services to the Special Children's Clinics.

Full-time equivalent (FTE) positions recommended in The Executive Budget for the division total 460.4 for each fiscal year of the 2003-05 biennium, an increase of 40.13 positions compared to the FY 2002-03 legislatively approved total of 420.27. This increase is primarily due to the transfer of program staff of the early intervention efforts of the Division of Child and Family Services to the Health Division which does not provide new staff. The Executive Budget recommends the addition of a Privacy Officer to address issues under the Health Insurance Portability and Accountability Act (HIPAA).

HEALTH AID TO COUNTIES

The Governor's recommended budget eliminates this account in the Health Division; however, distributions of that portion of the funding that was from Pollution Control are still provided in the Department of Motor Vehicles recommendations, with the distributions being made directly from the Pollution Control Account to the counties.

SAFE WATER DRINKING ACT

While this account is not a new budget account for the Health Division, it has not been previously included in The Executive Budget. The Safe Water Drinking Act accounts for federal funding received in support of a revolving loan program for public water systems for projects

addressing public health and infrastructure needs. The Executive Budget recommends this account, along with the Environmental Lab Program of the Health Facilities Hospital Licensing Account, be transferred to the Division of Environmental Protection.

HEALTH FACILITIES HOSPITAL LICENSING

The State Board of Health approved a new fee structure for these licensing activities in the fall of 2001. The recommended budget continues that fee structure and recommends the elimination of 17 vacant FTE positions in this account.

SEXUALLY TRANSMITTED DISEASE CONTROL PROGRAM

The mission of the Sexually Transmitted Disease Control Program (STD) program is to prevent and reduce the prevalence of all sexually transmitted diseases in Nevada. The program focuses on five principal elements, which include HIV prevention, HIV/AIDS surveillance and sero-prevalence monitoring, HIV/AIDS comprehensive care services, the tracking of other reportable sexually transmitted diseases, and the planning and community organization for HIV/AIDS prevention and care services.

The 1997 Legislature approved General Fund support to purchase protease inhibitor drugs for HIV/AIDS clients enrolled in the AIDS Drug Assistance Program (ADAP). The Governor's recommended budget for the 2003-05 biennium provides for continued state support for purchase of these protease inhibitors, which supplements the federal funding for pharmaceuticals and services provided through ADAP.

IMMUNIZATION PROGRAM

The purpose of the Immunization program is to prevent the occurrence of vaccine-preventable diseases in Nevada by promoting immunizations and providing vaccines to prevent the occurrence and transmission of diseases. State-supplied vaccines are provided free of charge to all physicians, hospitals, or clinics that agree to meet the requirements of the program.

For the 2003-05 biennium, the Governor's budget recommends continuing state support for the purchase of vaccines including the addition of \$862,186 in FY 2003-04 and \$921,901 in FY 2004-05 to address increased caseloads based on population projections. The introduction of new vaccines is not contemplated in The Executive Budget.

SPECIAL CHILDREN'S CLINICS

The Special Children's Clinics in Las Vegas and Reno serve as regional centers providing comprehensive family-centered, community-based, multi-disciplinary early intervention treatment and follow-up services. The clinics provide services to families with children (birth to age three) who have been diagnosed as developmentally delayed in the areas of cognition, communication, physical development, social/emotional development, and adaptive skills. In addition, the clinics provide services to children who are at risk for becoming developmentally delayed, or who may be suspected as developmentally delayed. The Executive Budget

recommends increased General Fund support in the amount of \$1.9 million for FY 2003-04 and \$2.2 million for FY 2004-05 to address caseload and waiting list issues at the Special Children's Clinics.

In addition, The Executive Budget recommends the transfer of a number of programs from the Division of Child and Family Services to the Special Children's Clinics. These programs include the First Step Program, the Home Activities Program for Parents and Youth (HAPPY), and the Infant Enhancement program. Included in this transfer are the 45 positions that support the programs and approximately \$2 million in General Fund support each fiscal year of the 2003-05 biennium.

WOMEN, INFANTS, AND CHILDREN PROGRAM

The purpose of the Women, Infants, and Children (WIC) program is to improve the nutritional health status of low-income women, infants, and young children to age five during their critical periods of growth and development. The program is 100 percent federally funded and provides supplemental food packages, nutrition education, and referral services to a variety of community resources. The Governor recommends a status quo budget for the WIC program in the 2003-05 biennium. During FY 2001-02, an average of 38,463 clients were served on a monthly basis. For the 2003-05 biennium, the division projects the monthly average number of clients served will increase to 42,000; however, the creation of waiting lists as a result of the increased client activity is not anticipated.

BUREAU OF ALCOHOL AND DRUG ABUSE

Both the 1999 Legislature and the 2001 Legislature authorized \$500,000 of the revenue generated in each fiscal year of each biennium for the Department of Human Resources through its contract with MAXIMUS to be used to fund substance abuse treatment programs for adolescents. The Executive Budget does not recommend continuation of this program.

HEALTH ALERT NETWORK

The Executive Budget anticipates the continuation of the Public Health Preparedness and Response to Bioterrorism grant that was first awarded to the state in the spring of 2002. This grant is intended to develop comprehensive bioterrorism preparedness plans, upgrade infectious disease surveillance, enhance hospital readiness to deal with large numbers of casualties, expand laboratory and communications capacities, and enhance disease reporting systems. The grant is continued in The Executive Budget for each fiscal year of the 2003-05 biennium at approximately \$10 million each year.

WELFARE DIVISION

The Welfare Division is responsible for administering the delivery of cash grants and food stamps, enforcing child support, administering employment and training programs for welfare recipients, distributing childcare funding, and determining eligibility for Nevada's Medicaid program.

Overall total funding for the division is recommended by the Governor at approximately \$525.3 million (\$187.3 million General Fund) for the 2003-05 biennium, an increase of approximately 18.8 percent when compared to the total funding approved by the 2001 Legislature for the 2001-03 biennium. The Executive Budget recommends General Fund support for the division be increased by approximately \$73.6 million over the 2003-05 biennium when compared to the amount of General Fund support provided for the 2001-03 biennium; representing an increase of approximately 64.7 percent. The recommended increase in General Fund support is primarily attributable to the following:

1. The recommendation to increase staffing in the Welfare Administration and Field Services budget by 278 new FTE positions over the 2003-05 biennium. The new positions recommended are in addition to the 84.5 FTE positions that were approved during the 2001-03 interim by the Interim Finance Committee (IFC) for caseload increases. The 278 new FTE positions recommended, plus the continuation of the 84.5 positions approved during the interim, will increase General Fund expenditures in the Welfare Division by \$14.6 million over the 2003-05 biennium.
2. The TANF “rainy day” reserve will be depleted during the 2001-03 interim, primarily because it has been used to cover the additional costs associated with the TANF caseload increases. As a result, there is an insufficient amount of federal TANF funds from the annual block grant award to pay for the projected increases in TANF caseload for the 2003-05 biennium, the increased costs to meet work participation rates, and to cover the TANF portion of the division’s cost allocation, which funds the various maintenance and enhancement units recommended by the Governor in the Welfare Administration and Field Services budgets. Since the TANF “rainy day” reserve has been depleted, the state General Fund is now responsible for 100 percent of these additional costs over the amount of the federal TANF block grant, which is annually allocated by the federal government. The projected increases in TANF caseload and the additional costs to meet work participation rates will increase General Fund expenditures by over \$43 million for the 2003-05 biennium.
3. The recommended changes to the cost allocation plan, which funds the Field Services budget, reduce the reliance on federal funds to support the Field Services budget and increase General Fund support by approximately \$6 million over the 2003-05 biennium.
4. The additional costs to operate the electronic benefits transfer (EBT) system, which is fully operational, as well as the projected increases in Food Stamp caseload, which will have a corresponding increase in the utilization of the system.

WELFARE ADMINISTRATION

The Welfare Administration budget supports the administrative staff that provides oversight to the various programs administered by the division and includes support resources utilized by and provided to the division’s field staff for the operation of the various programs under the division’s jurisdiction.

The Executive Budget recommends a total of 23 new positions, the elimination of 2 existing positions and the transfer of the Medicaid Estate Recovery Unit which consists of 3 positions to the Division of Health Care Financing and Policy.

The Executive Budget recommends additional funding in the amount of \$3.6 million over the 2003-05 biennium for the projected increase in utilization of the computer facility by the NOMADS system. The increase recommended is based on projected caseload growth. An additional \$1.8 million is recommended over the 2003-05 biennium for the increased assessments charged by DoIT for programmer support. The Executive Budget recommends reducing contractor support for the NOMADS project by approximately \$700,000 in each fiscal year of the 2003-05 biennium.

During the 2001-03 interim, the Welfare Division successfully implemented the Electronic Benefit Transfer (EBT) system for issuing food stamps, as mandated by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). A private company serves as the service delivery contractor and operates the EBT system on a statewide basis. The service delivery contractor is reimbursed on a per transaction basis that is more expensive than the former methods used for issuing paper coupons. The division projects they will be unable to cover transaction costs for FY 2002-03 and have requested a supplemental appropriation in the amount of \$132,437. The shortfall is primarily the result of caseload increases in the food stamp program experienced during the 2001-03 biennium and the more expensive cost for operating the EBT system. The Executive Budget recommends approximately \$5.1 million over the 2003-05 biennium to cover increased costs for issuing food stamps via the EBT system, as well as additional costs associated with the projected growth in the food stamp caseload.

FIELD SERVICES

The Field Services budget provides for the salaries, operating expenses and support costs for the staff that determine eligibility for the TANF, Food Stamp and Medicaid programs, as well as the staff that support the employment and training and education programs administered by the division.

The Executive Budget recommends a total of 255 new positions and their support costs for the 2003-05 biennium, in addition to the continuation of the 84.5 new positions that were approved by the IFC at the April 2002 meeting. Of the new positions: 240 FTE positions are recommended to address caseload increases that occurred during the 2001-03 biennium and the projected increase in caseload for the 2003-05 biennium: 140 Family Service Specialists (eligibility workers); 14 Eligibility Certification Supervisors; 35 Administrative Assistants; 39 Employment and Training Specialists; 3 Employment and Training Supervisors; and 9 Social Workers.

The new positions recommended will be phased-in over the 2003-05 biennium; therefore, the total salary costs for these positions are not reflected in The Executive Budget and will not be realized until FY 2005-06. The new positions recommended will be located primarily in Clark County. The number of new positions is so large that leased space for two new offices is

recommended to house the additional staff. The cost for opening two new offices is approximately \$1 million in FY 2004-05.

The Executive Budget recommends the elimination of the CHAP assets test, an existing requirement for determining Medicaid eligibility for pregnant women and children. The elimination of the assets test was an initiative approved by the 2001 Legislature; however, as a budget savings measure it was not implemented during the 2001-03 interim. A total of 13 new eligibility positions and their support costs are recommended for the additional caseload anticipated as a result of eliminating the assets test. The assets test has been considered an enrollment barrier and potentially a reason families fail to complete the Medicaid application process. The additional medical costs for eliminating the assets test are included in the Medicaid budget.

During the 2001-03 biennium, the Field Services budget experienced a General Fund shortfall of approximately \$3 million in each fiscal year, primarily due to changes in the cost allocation plan. Another contributing factor for the shortfall in FY 2002-03 is the additional salary costs for the 84.5 positions that were approved by the IFC. The division was able to offset the projected shortfall for FY 2001-02, by transferring General Funds from the TANF budget to the Field Services budget, which was approved by the IFC at the June 2002 meeting. The division does not anticipate having the flexibility to transfer state General Funds from the TANF budget to offset the projected shortfall in the Field Services budget for FY 2002-03. A supplemental appropriation in the amount of \$2.7 million is recommended to offset the projected shortfall for FY 2002-03. The cost allocation plan has been modified in The Executive Budget, which will increase General Fund expenditures in the Field Services budget by approximately \$3 million in each fiscal year of the 2003-05 biennium.

TANF

The TANF budget provides funding for cash assistance for eligible recipients, which is time-limited; supports the employment and training programs and services administered by the division designed to help clients prepare for and find work; and provides a wide variety of support services for families and individuals to support and maintain self-sufficiency.

The Personal Responsibility Work Opportunity Reconciliation Act (PRWORA) of 1996 replaced the Aid to Families with Dependent Children (AFDC) program, an open-ended federal entitlement, with the Temporary Assistance for Needy Families (TANF) program. The federal funding to support the TANF program is now allocated to states in the form of a block grant that is capped and covers cash assistance, welfare employment and training, and the administrative costs associated with providing these services. TANF has provided states the flexibility to design their own self-sufficiency programs for welfare recipients in conformance with the capped funding, time limitations on program eligibility and work requirements. The 1997 Legislature, with passage of AB 401 and SB 356, enacted legislation to conform state law with the PRWORA requirements and authorized a number of welfare reform initiatives unique to Nevada.

TANF funding – The Executive Budget recommends total funding (state and federal) to support the TANF budget in the amount of \$76.3 million (\$39.2 million General Fund) for FY 2003-04 and \$87.1 million (\$53.2 million General Fund) for FY 2004-05. The amount of state General Funds recommended for the 2003-05 biennium increases by approximately \$43 million (an increase of 87 percent) when compared to the amount of state General Funds that was appropriated for the 2001-03 biennium. The significant increase is primarily the result of the caseload growth projected for the 2003-05 biennium, as well as the additional resources recommended for the New Employees of Nevada (NEON) program to meet work participation rates required under PRWORA. With the depletion of the TANF “rainy day” reserve as a revenue source, the additional costs for caseload growth and work participation requirements are a General Fund responsibility.

The PRWORA legislation must be reauthorized by Congress in accordance with the terms set forth in the original legislation. The 107th Congress was unable to complete welfare reform reauthorization last year, and the federal funding for TANF and related programs has been extended through March 31, 2003 by continuing resolution. All indications are Congress will continue TANF funding at current levels. The federal TANF block grant that is allocated to Nevada is projected at approximately \$44 million for each fiscal year of the 2003-05 biennium. In addition, Nevada is one of 11 states that has been designated as a high population growth state and will likely receive supplemental TANF funding in the amount of approximately \$3.7 million for each fiscal year of the 2003-05 biennium. The total amount of federal TANF funding available for each fiscal year of the 2003-05 biennium is approximately \$47.7 million. The TANF block grant is allocated between the Welfare Division’s TANF, Welfare Administration and Welfare Field Services budgets. The TANF block grant funds are also allocated to other divisions within the Department of Human Resources to support TANF-eligible programs.

The PRWORA legislation requires states to continue contributing state funds equal to 80 percent of the amount spent in federal fiscal year 1994 on welfare programs consolidated into TANF. The maintenance of effort (MOE) provisions require Nevada to continue to spend a minimum of approximately \$27.2 million in state funds each fiscal year on welfare-related programs. The 80 percent MOE can be reduced to 75 percent for each fiscal year if work participation rates are met.

The Executive Budget does not recommend any additional funds for the 2003-05 biennium to replenish the budget reductions that were implemented during the 2001-03 biennium to address shortfalls in the TANF budget. The reductions that were implemented include the following: the elimination of child support disregard payments; a reduction in the amount of TANF funding transferred to Clark and Washoe Counties for their emergency diversion programs; reductions in the amount of TANF funding designated for non-profit contracts; the elimination of the job retention contract; a reduction in the Kinship Care program by reducing the payment made for two or more children; and foregoing implementation of three initiatives approved by the 2001 Legislature: a clerical training program, grant increases for the ill and incapacitated recipients, and deferral of the emergency diversion program.

TANF caseloads – The Executive Budget projects TANF caseloads (not including Kinship Care and Family Preservation caseloads) will increase to 46,062 average monthly recipients for

FY 2004-05, a 60 percent increase over the FY 2001-02 actual of 28,809 average monthly recipients. The table below displays the projected TANF caseload for FY 2002-03 and for each fiscal year of the 2003-05 biennium, as well as the actual caseloads for FY 2000-01 and FY 2001-02.

Fiscal Year	FY 2001	FY 2002	Increase	FY 2003	Increase	FY 2004	Increase	FY 2005	Increase
Caseload	18,123	28,809	59%	34,106	18.4%	39,709	16.4%	46,062	16%

Cash grants – The Executive Budget recommends retaining cash assistance grants at their existing levels for the 2003-05 biennium. The monthly cash assistance grant for a three-person household is currently \$348 for a TANF recipient without public housing allowance, \$272 for a TANF recipient with a public housing allowance, and \$535 for non-needy caretakers. The cash assistance grant for recipients in the Kinship Care would also remain at \$534 for a single child under age 12 and \$616 for a single child over the age of 12. The cash assistance grant for additional children of a family in the Kinship Care program will remain at \$100 per child.

CHILD SUPPORT ENFORCEMENT

The Child Support Enforcement program provides five basic services: location of absent parents, establishment of parentage, establishment of child support orders, collection of support payments, and enforcement of private medical insurance. In Nevada, the Child Support Enforcement program is administered by the Welfare Division and jointly operated by the division and county district attorneys. The Child Support Enforcement budget is funded with a portion of the child support collections the state is allowed to retain, which are used to match federal Title IV-D funds. The state share of collections supports all non-federal expenditures, and there are no state General Funds in the Child Support Enforcement budget.

Over the past several biennia, the state share of collections that support all non-federal expenditures has fluctuated and has become a less stable revenue source for the division to rely upon to fund this budget. For the 2003-05 biennium, the Administration is proposing a new revenue source to support the Child Support Enforcement program, in addition to proposing that the state share of collections made in excess of legislatively approved expenditures be retained within the budget as a reserve. The proposal which requires legislation would increase the processing fee for establishing a wage assignment from \$3 to \$5. Currently, employers are allowed to collect a \$3 processing fee (which the employer retains) for establishing a wage assignment on an employee paying child support. The state would collect the extra \$2 and split the \$2 collected evenly (\$1 state and \$1 county) with the county district attorneys. It is projected that the additional \$2 will generate approximately \$1 million each fiscal year of the 2003-05 biennium, which would be split evenly with the county (\$500,000 state and \$500,000 county). The Executive Budget indicates the new revenue source will provide the Child Support Enforcement budget a reserve of approximately \$1 million by the end of FY 2004-05 and would be used to enhance the program. The Administration proposed similar legislation (AB 69) during the 2001 Legislative Session which was not approved.

The Executive Budget recommends 9 new FTE positions and their support costs over the 2003-05 biennium. According to the division, the new positions would be used for locate and intake functions which are areas of performance that have dropped because of caseload increases.

ASSISTANCE TO AGED AND BLIND

Assistance to the Aged and Blind is an option to the Supplemental Security Income (SSI) program established by Public Law 92-603. The federal SSI program replaced state-run assistance programs for the aged, blind and disabled and established uniform payment amounts. The Social Security Administration (SSA) administers the program. Nevada has paid a state supplement to the aged and blind who live at home or in an adult group care facility (AGCF) since January 1, 1974. Nevada has never elected the option to supplement payments to the disabled. The purpose of the program is to provide supplemental income to low-income aged and blind individuals and provide adult group care facilities with supplements that enable individuals to avoid or defray institutionalization.

The Executive Budget recommends an increase of approximately \$1.1 million in state General Fund for the Aged and Blind budget for the 2003-05 biennium compared to the 2001-03 biennium. The increase recommended will cover the additional costs for projected caseload and the additional processing fee assessed by the SSA for determining eligibility and for administering the issuance of state supplemental payments. The Executive Budget does not recommend a state-funded increase in the amount of the supplement paid to eligible aged and blind individuals or a rate increase for AGCF operators.

CHILD ASSISTANCE AND DEVELOPMENT

The Child Assistance and Development budget provides for all childcare-related expenditures for TANF recipients, former TANF recipients, non-TANF eligible clients who are at risk of losing employment due to a lack of assistance with childcare, and low-income non-TANF eligible clients.

The Executive Budget recommends approximately \$43.4 million (approximately \$9 million state) in childcare funding for each fiscal year of the 2003-05 biennium. The state General Funds included in the Child Assistance and Development budget are used for maintenance of effort to receive federal mandatory and federal discretionary funds, as well as match funds to receive federal matching funds for childcare. The amount of General Fund that is recommended has been reduced by approximately \$280,000 for each fiscal year of the 2003-05 biennium as a budget savings measure, when compared to the appropriation levels that were legislatively approved for the 2001-03 biennium. The reduction will eliminate services to approximately 69 children per year.

There are currently waiting lists for childcare services in southern and northern Nevada. The Executive Budget does not provide additional resources to address the current waiting lists which will continue to grow over the 2003-05 biennium as the demand for childcare services increase. Also, because Congress has not reauthorized federal welfare reform legislation, it is unclear if

additional federal childcare funding will become available for the 2003-05 biennium to address the growing waiting list

DIVISION FOR AGING SERVICES

The Division for Aging Services represents Nevadans aged sixty years and older and serves as their primary advocate. The Division administers five budget accounts: Aging Older Americans Act; Senior Services Program; Elder Protective Services/Homemaker Programs; Aging Services Grants; and Senior Citizens Property Tax Assistance. Funding is a combination of state, federal, and tobacco settlement funds for Independent Living Grants that support statewide senior programs.

The Executive Budget is recommending an increase of 3.15 percent for the division's FY 2003-04 total budget compared to FY 2002-03. An additional 1.14 percent increase is recommended in FY 2004-05 due primarily to recommendations to reduce caseloads for division staff and waiting lists of seniors for services. The General Fund portion of the budget is recommended to increase from \$8.1 million in FY 2002-03 to \$9.7 million in FY 2003-04, an increase of 18.78 percent due primarily to additional funding recommended for personal care assistance to state-only clients. In FY 2004-05, the recommended amount of \$10.2 million represents an increase of 5.04 percent over the amount recommended in FY 2003-04.

COMMUNITY HOME BASED INITIATIVES PROGRAM AND THE GROUP CARE WAIVER

The Community Home Based Initiatives Program (CHIP) and the Adult Group Care Waiver program provide services to eligible seniors most at risk for nursing home placement. Also included is training for caregivers to support and enhance the skills of family and professional care providers for frail elders. Funding is a combination of federal funds, state General Fund, client co-payments, and the Tobacco Settlement monies.

The Executive Budget recommends approximately \$1.5 million in federal Medicaid funds and tobacco settlement monies in FY 2003-04 and approximately \$2.2 million in FY 2004-05 to increase by 188 the number of CHIP clients served and by 100 the number of Group Care clients served. Tobacco settlement monies under the Independent Living grants will provide a \$1.4 million match for federal Medicaid funds in FY 2003-04 and \$1.5 million in FY 2004-05. General Fund support is recommended to increase from \$1 million provided in FY 2002-03 to \$2.1 million in FY 2003-04 is recommended to increase due primarily to the Governor's recommendation to provide for personal care assistance services in accordance with SB 174 of the 2001 Legislature.

The Executive Budget recommends 11 new FTE positions: 4 Social Workers, 2 Administrative Assistants, and 1 Accounting Clerk to support caseload increases for the CHIP program; 1 Medically Fragile Case Manager for the Community Based Care and Elder Rights Unit; and 2 Social Workers and 1 Administrative Assistant to support caseload growth for the Group Care Waiver program.

In addition, The Executive Budget recommends the transfer of the personal care assistance services under the Medicaid CHIP Waiver program to the Division of Health Care Financing and Policy due to a program duplication of waiver services also provided by Medicaid. Personal care assistance services under this program and case management will still be provided by the Division for Aging Services; however, the costs for these services will be placed in the Medicaid budget.

ELDER PROTECTIVE SERVICES AND HOMEMAKER PROGRAMS

This program provides Elder Protective Services (EPS) and Homemaker Services for the elderly. Services include case management, housekeeping, laundry, shopping, and meal preparation. The Elder Protective Services program investigates reports of elder abuse, neglect, exploitation or isolation. Funding is recommended from a combination of federal Title XX, General Fund, and tobacco settlement monies.

General Fund support of \$246,738 in FY 2003-04 and \$312,779 in FY 2004-05 is recommended to increase staff for the Elder Protection Program by 5.51 FTE positions: 3.51 social workers and 2 intake workers. By statute, the Division for Aging Services receives all reports of elder abuse, neglect, exploitation and isolation, acts as a repository for statewide reports, and investigates appropriate reports within three working days. With existing staff, the division is unable to conduct face-to-face investigations within the three-day limit.

DIVISION OF CHILD AND FAMILY SERVICES

The Division of Child and Family Services (DCFS), created by legislation approved during the 1991 Legislative Session, provides a wide array of services to children and adolescents and is organized into four major functional areas: Treatment Services, Family Support Services, Juvenile Corrections, and Licensing. The Executive Budget is recommending a decrease of 7.38 percent for the division's total budget for FY 2003-04 compared to FY 2002-03. In FY 2004-05, the Governor is recommending an increase in funding of 4 percent for the total budget. The General Fund portion of the budget in FY 2003-04 is recommended to increase by 10.9 percent over FY 2002-03 levels. In FY 2004-05 an additional increase of 7.5 percent is recommended.

Full-time equivalent (FTE) positions recommended in The Executive Budget for the division total 1,012.07 in FY 2003-04, a reduction of 95.32 FTE positions compared to the FY 2002-03 work program total of 1,107.39. In FY 2004-05, the recommended total is 956.01 FTE positions, an additional reduction of 56.06 FTE. The total reduction over the biennium is 151.38 FTE positions. A major portion of the reduction is due to the continuation of child welfare integration, authorized by the passage of AB 1 of the 17th Special Session, which transfers existing positions to Clark and Washoe counties.

CHILDREN AND FAMILY ADMINISTRATION

This account is the central administrative account of DCFS and contains the unclassified Administrator, the division's 4 unclassified Deputy Administrators, central fiscal, accounting and

personnel staff, as well as the caseworker staff for Child Welfare, Foster Care and Adoption programs. Major changes in this budget reflect the continuation of child welfare integration authorized through the passage of AB 1 of the 17th Special Session. The integration process transfers foster care, adoption and related services to Washoe and Clark counties. The division will continue to provide the total array of child welfare services from child protective services to adoption in the remaining 15 rural counties. Included in this budget is the continuation of the transfer of existing resources to the counties. The transfer to Washoe county is nearly complete, with the transfer to Clark county proposed as a phase-in process during the 2003-05 biennium.

The adjusted base budget recommends the continuation of 150.12 FTE positions in each fiscal year of the 2003-05 biennium and reflects the transfer out of 158.61 FTE positions (31.55 FTE to Washoe county and 127.06 to Clark county) to the Child Welfare Integration budget. Overall funding in the budget decreases approximately 34.6 percent from \$25.7 million in FY 2003 to \$19.3 million in FY 2003-04. In FY 2004-05, the budget increases 1.1 percent over FY 2003-04 to \$19.6 million. The General Fund support totals \$7.6 million in FY 2003-04, which represents a 3.6 percent increase over FY 2002-03. In FY 2004-05, an additional 1.6 percent increase is recommended.

The Governor is recommending a total of 5 new FTE positions including: a new Management Analyst IV to serve as a Privacy Officer to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA) of 1996. The budget also recommends transferring in 21 FTE existing positions and related costs from the Child Welfare Integration budget.

CHILD WELFARE INTEGRATION

This new budget account was established during the 2001-03 biennium, solely for the costs related to the integration of child welfare services. The integration was authorized by the passage of AB 1 during the 17th Special Session. For the 2001-03 biennium, AB 1 appropriated \$5.1 million in General Fund support for one-time costs and a total of \$6.6 million in General Fund for ongoing costs related to integration. The Executive Budget contains estimates for the continuation of integration and the transition of child welfare services from the state to Clark and Washoe counties during the 2003-05 biennium.

Total funding recommended in The Executive Budget is \$47.7 million in FY 2003-04 and \$52.2 million in FY 2004-05. General Fund support portion is \$28.9 million in FY 2003-04 and \$32.4 million in FY 2004-05. Total positions are shown as 154.06 FTE in FY 2003-04 and 101.51 in FY 2004-05 and consists primarily of existing DCFS positions that will transfer to the counties. A total of 15 new FTE positions are also recommended.

The Executive Budget recommends a phase-in schedule for the transfer of positions to Clark county, beginning in October 2003, with additional positions being transferred in April 2004 and October 2004. The Governor also recommends funding for services to severely emotionally disturbed (SED) children in the foster care system. A total of 327 children are identified as SED and the budget contains \$6.0 million in FY 2003-04 and \$6.2 million in FY 2004-05 for these services. The Governor also recommends funding for projected increases in adoption subsidy and foster care caseloads in the 2003-05 biennium. The recommended increase for Clark county totals nearly \$4.2 million for the 2003-05 biennium and for Washoe county, the recommended

increase is nearly \$1 million for the biennium. Also recommended is approximately \$2.7 million over the 2003-05 biennium to restore one-time capital expenditures for Clark county, originally included in AB 1, but reduced by the Governor in FY 2002-03 due to the need for budget reductions.

UNITY/SACWIS

This budget represents the division's compliance with a federal mandate to automate foster care and adoption information systems. The SACWIS (Statewide Adoption and Child Welfare Information System) project, now referred to as UNITY (Unified Nevada Information Technology for Youth), began in FY 1994-95 with business process re-engineering (BPR) and culminated with implementation of the system in FY 2000-01.

The adjusted base budget continues funding for 27 FTE existing positions and provides for the continuing operation of the system during the 2003-05 biennium. General Fund support of \$3.1 million in FY 2003-04 is a 24.6 percent increase over amounts approved in FY 2002-03. Funding in FY 2004-05 remains flat compared to funding recommended in the first year of the 2003-05 biennium.

The Governor recommends a new Management Analyst II and a new Program Officer I to "provide support for the implementation of new or modified system functionality." The budget also recommends the transfer in of the two SACWIS compliance positions from the Child Welfare Integration budget that was funded through the passage of AB 1 of the 17th Special Session.

CHILD CARE SERVICES

The Child Care Services Bureau is responsible for licensing and monitoring child-care facilities that care for five or more children not licensed by local entities. Facilities include child-care centers, pre-schools, group care homes, institutions and outdoor youth programs. The bureau is also responsible for licensing, monitoring and providing technical assistance to family foster and group foster care homes to reduce the risk of harm to children placed in care.

Total funding and General Fund support of this budget is recommended to be reduced during the 2003-05 biennium compared to levels approved during the 2001-03 biennium. The reduction in funding is primarily due to the transfer out of 12 FTE positions (10 to Clark county and 2 to Washoe county) for child welfare integration. The adjusted base budget recommends the continuance of 15.55 FTE positions and one new Administrative Assistant II to improve and expedite the processing of state and FBI fingerprint background checks on child care providers and residents of child care facilities.

YOUTH COMMUNITY SERVICES

This budget contains funding for the placement costs of children in the division's care because of abuse, neglect or behavioral/emotional problems. Adoption subsidies are also paid from this account to adoptive parents of special needs children. Total funding recommended for FY 2003-04 of \$25.6 million represents an approximate 53.0 percent decrease in expenditure

authority over amounts approved in FY 2002-03. General Fund support in FY 2003-04 is recommended to decrease by 64 percent compared to amounts approved in FY 2002-03. The base budget reflects the transfer of approximately \$17 million each year to the child welfare integration budget for placement costs including Subsidized Adoptions and Substitute Foster Care.

The Governor recommends funding for projected subsidized adoption caseload increases in rural Nevada during the 2003-05 biennium. In FY 2003-04, a total of \$212,993 is recommended for an additional 30 cases. In FY 2004-05, a total of \$348,809 is recommended for an additional 19 cases (total of 49 in FY 2004-05). The current average subsidy is \$591 per month. The Governor also recommends funding for projected caseload increases in higher-level group care placements statewide (DCFS will retain responsibility for these expenditures; they will not be transferred to the counties). In FY 2003-04, the budget recommends a total of \$1.8 million is recommended to accommodate an additional 65 cases. In FY 2004-05, an additional 26 cases are projected for a total of 91 cases at \$2.5 million. The average cost per case is \$2,300 per month.

Additionally, projected caseload increases for Medicaid and non-Medicaid eligible youth are recommended based upon the Division of Health Care, Financing and Policy's (HCFAP) Medicaid Payment Projection (MPP) model. The recommended amounts total \$7.4 million in FY 2003-04 and \$8.7 million in FY 2004-05. Lastly, the Governor recommends the transfer of Medicaid medical costs to the Medicaid budget in the Division of Health Care, Financing and Policy. A total of \$21.5 million is recommended for transfer in FY 2003-04 and \$23.0 million is recommended for transfer in FY 2004-05; these amounts include base budget costs, inflation and projected caseload increases.

TRANSITION FROM FOSTER CARE

This is a new budget account established to administer funds for assisting youth transitioning out of foster care at 18 years of age. A.B. 94, passed by the 2001 Legislature authorized county recorders to charge and collect additional fees, a portion of which is deposited to this account. The funds may be used to provide assistance to youth with training costs, housing assistance and medical insurance and can also be granted to non-profit organizations or used to match federal funds. The Governor's budget estimates collecting and expending \$1million in each fiscal year of the 2003-05 biennium.

The Executive Budget is recommending the transfer of this account to the Attorney General's Office. This budget serves as a pass-through account for federal Office of Juvenile Justice and Delinquency Prevention (OJJDP) funds that are allocated to judicial districts for community-based delinquency prevention programs. The budget also contains the Community Corrections Block Grant program (supported by General Fund) initially added by the 1997 Legislature, which provides funding to the nine judicial districts to implement programs that reduce or limit commitments to the state. The Governor recommends funding for the program at \$666,195 in each fiscal year of the 2003-05 biennium, a reduction of \$19,367 each year compared to FY 2002-03, based upon the three percent budget reduction included in The Executive Budget.

YOUTH ALTERNATIVE PLACEMENT

This budget primarily contains funding payments to the China Spring Youth Camp in Douglas County and the Spring Mountain Youth Camp in Clark County. County Participation Fee revenue collection authority is also contained in this account and represents fees assessed to and collected from all counties except Clark for the operation of the China Spring Youth Camp. The Governor recommends continuing funding of approximately \$2.3 million each fiscal year of the 2003-05 biennium. Also recommended is funding for the China Spring Youth Camp for increases in salary and operating costs and for a new maintenance position. The Governor recommends that the total costs, \$369,020 in FY 2003-04 and \$426,559 in FY 2004-05 be funded with County Participation Fees. The budget also includes a three percent reduction of \$30,534 in General Fund support to continue the Governor's budget reductions in each fiscal year of the 2003-05 biennium.

JUVENILE CORRECTIONAL FACILITY

This budget account funds the operation of the Summit View Youth Correctional Center, a secure male juvenile correctional facility for serious and chronic offenders, located near Nellis Air Force Base. The 96-bed facility opened on June 1, 2000. The private contractor retained to operate the facility chose to cease operating the facility in March 2002. The facility has essentially been "mothballed" since March 2002. The Executive Budget recommends total funding of \$4.3 million in FY 2003-04 and \$5.1 million in FY 2004-05 to reopen the center as a state-operated facility. The Governor recommends 84 new FTE staff for the center.

NEVADA YOUTH TRAINING CENTER

General Fund support in this account is recommended to increase from \$5.7 million approved in FY 2002-03 to \$7.1 million in FY 2003-04. The Executive Budget recommends the addition of 23 new FTE staff, including 18 Group Supervisor I positions, 3 Youth Training Center Counselors, a Substance Abuse Counselor and a Correctional Nurse II in response to recommendations made by the U.S. Department of Justice's Civil Rights Division. The Department of Justice conducted a Civil Rights for Institutionalized Persons Act (CRIPA) investigation at the Nevada Youth Training Center. Based on that investigation and subsequent recommendations, the Governor recommends the new positions to enhance the direct care staff to student ratio and to provide health care coverage for evenings, weekends and holidays.

CALIENTE YOUTH CENTER

The General Fund portion of the budget is recommended to increase from \$4.2 million approved in FY 2002-03 to \$5.5 million in FY 2003-04, an increase of 29.5 percent. An additional 6.7 percent increase in funding is recommended in FY 2004-05. Similar to budget recommendations for the Nevada Youth Training Center regarding the CRIPA investigation, the Governor recommends 19 new FTE staff (14 Group Supervisor I positions, 4 Youth Training Center Counselors and a Correctional Nurse II) to enhance the direct care staff to student ratio and to provide health care coverage for evenings, weekends and holidays. The Governor also

recommends a new Assistant Superintendent position to assist the Superintendent with the operation and management of the facility.

YOUTH PAROLE SERVICES

The Executive Budget recommendation is relatively flat with General Fund support of \$4.5 million in FY 2003-04, a 2.7 percent increase over amounts approved in FY 2002-03. An additional 1.7 percent increase in funding is recommended in FY 2004-05. The budget continues 36.02 existing FTE positions for the 2003-05 biennium. Continuation of contract services funding is also recommended for the Transitional Community Reintegration (TCR) program at \$850,000 in each year of the 2003-05 biennium. This program was added by the 1997 Legislature as an alternative program to assist in relieving overcrowding in both local juvenile detention facilities and state operated training centers and provides day treatment and residential services. The Executive Budget also includes \$113,520 in each fiscal year of the 2003-05 biennium in contract services for psychiatric consultations and medications to address the needs of youth in residence that have been diagnosed with mental health or substance abuse disorders.

NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES

This budget provides a continuum of mental health services to emotionally disturbed children, adolescents and their families. Overall, the total recommended budget reflects a decrease in funding from \$6.5 million in FY 2002-03 to \$6.2 million in FY 2003-04, a 5.7 percent decrease. Funding in FY 2004-05 is recommended to increase by 2 percent over FY 2003-04 levels. The reduction in FY 2003-04 is primarily due to the transfer out of several existing programs to the Health Division. The budget reflects a net reduction of 14.64 FTE positions over the 2003-05 biennium. General Fund support in FY 2003-04 is recommended to increase by 3.3 percent over amounts provided in FY 2002-03. An additional 4.7 percent increase is recommended in FY 2004-05.

The Executive Budget recommends a new Management Analyst IV to act as a Privacy Officer for HIPAA compliance. Additionally, the agency's billing and data collection system is outdated and not HIPAA compliant and is recommended for replacement in a new Information Technology Projects budget. The Information Technology Projects budget is recommended by the Governor to be funded with a total of \$752,725 in General Fund support over the biennium. The budget also recommends a new Information Systems Specialist position to support the new system. The elimination of a Personnel Analyst and 2 Administrative Assistant positions are recommended to meet the Governor's required flat budget mandate (two times the FY 2003 amount for the total 2003-05 biennium). The Home Activities Program for Parents and Youth (HAPPY) including 11.13 FTE positions, is recommended to transfer to the Health Division's Special Children's Clinic budget, as is the Infant Enhancement Program (2.51 FTE positions).

SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES

This budget provides a comprehensive continuum of behavioral healthcare services for emotionally disturbed children and adolescents from birth through 18 years of age. Overall, the budget recommends funding of \$17.1 million in FY 2003-04, which represents a 7.7 percent decrease from amounts approved for FY 2002-03. An additional 5.8 percent decrease in funding

is recommended in FY 2004-05. The recommended decrease in funding is primarily due to the planned closure of several of the agency's programs and the proposed transfer of the First Step Program (25.56 FTE positions) to the Health Division's Special Children's Clinic budget. The budget reflects a net reduction of 53.56 FTE positions in FY 2003-04 and an additional 3.51 FTE in FY 2004-05 for a total reduction of 57.07 FTE positions over the 2003-05 biennium.

General Fund support in the budget for FY 2003-04 is recommended to total \$6.8 million which represents a 10.7 percent increase over FY 2002-03 amounts. An additional 5.9 percent increase in General Fund support is recommended in FY 2004-05. The Executive Budget recommends funding to continue 10 existing FTE positions that staff Neighborhood Care Centers that are currently funded with a federal grant from the Substance Abuse and Mental Health Services Administration (SAMHSA). The grant will expire on August 31, 2004. The recommendation would continue 7 Mental Health Counselor II and 3 Psychiatric Caseworker II positions in the second year of the 2003-05 biennium. The Governor also recommends 15 new FTE positions to address caseload growth and waiting lists as well as HIPAA compliance and support for the planned replacement of the A.I.M.S. billing and data collection system.

The Executive Budget also recommends the closure of several existing programs to meet the Governor's required flat budget mandate including: the 8-bed Children's Acute Care Unit at the Desert Willow Treatment Center, which provides psychiatric care to severely emotionally disturbed youth; the Therapeutic Family Care Program, which provides training and support to foster homes that care for children that cannot function in regular foster or group care; and the Specialized Adolescent Treatment Program (SATP) at Desert Willow in the second year of the 2003-05 biennium, which is a 12 bed in-patient unit that serves male adolescent sexual offenders. The Governor also recommends the elimination of 20 vacant FTE positions and associated costs for three On-Campus Treatment Homes that provide a residential setting for children with severe emotional disturbances.

DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION

The Department of Employment, Training, and Rehabilitation (DETR) consists of four divisions: Employment Security, Equal Rights, Information Development and Processing, and Rehabilitation.

The department is responsible for providing employment, training, and rehabilitation services that meet the needs of Nevada's citizens, employers, employees, and job seekers, to maximize independence, self-sufficiency, and participation in the workforce. The primary funding sources for the department are federal funds from the U.S. Departments of Labor, Education, and Health and Human Services; the Social Security Administration; interest and forfeitures of employer contributions; and a surcharge of .05 percent on wages paid by Nevada employers.

The department employs 824.57 FTE positions located in over 35 offices statewide. In total, The Executive Budget recommends funding of \$138.9 million in FY 2003-04 and \$126.0 million in FY 2004-05 to fund the ongoing operations of the Department of Employment, Training and Rehabilitation (DETR) for the 2003-05 biennium. General Funds of \$4.8 million in FY 2003-04 and \$5.1 million in FY 2004-05 are recommended to fund operations of the Equal Rights Commission, Vocational Rehabilitation, Services to the Blind and the Office of Disability

Employment Policy. This represents approximately 3.7 percent of the DETR funding, excluding one-shots, supplementals and inter-agency transfers.

ADMINISTRATION

The Administrative Services budget employs 54.5 FTE positions and was approved by the 1995 Legislature to centralize the department's support services in the areas of financial management, human resources, and office services. The Governor recommends 1 new Maintenance Repair Worker III position to address maintenance needs at the State Administrative Office in Carson City, and the elimination of a vacant Administrative Service Officer position. The Executive Budget recommends funding of \$3.8 million in FY 2003-04 and \$3.9 million in FY 2004-05 to fund the operations of DETR's Administrative Services budget.

INFORMATION DEVELOPMENT AND PROCESSING DIVISION

The Information Development and Processing Division (ID&P) employs 48.51 FTE positions and provides automated applications support within DETR. The division is responsible for providing and maintaining the department's mainframe, network, web (both Intranet and Internet) and interactive voice response (IVR) software development and maintenance as well as providing information technology planning and analysis services to all DETR budgets. ID&P staff also provide system level programming and database management support.

The Governor recommends funding of \$406,106 in FY 2003-04 and \$512,653 in FY 2004-05 for 8 new FTE programming positions and the upgrade of a current part-time position to full-time status. These positions are recommended to provide resources sufficient to maintain the computer operation on a 24/7 basis and to meet increasing demand for programming and applications services. Transfer from the Employment Security Division's Special Fund is the primary source of funds for the positions and associated costs. The Executive Budget recommends funding authority of \$545,158 in FY 2003-04 and \$533,983 in FY 2004-05 for hardware, software and equipment to address system caseload growth and maintenance needs. The Executive Budget recommends funding of \$7.1 million in FY 2003-04 and \$7.2 million in FY 2004-05 to fund the ongoing computing support functions of the department over the 2003-05 biennium. This represents a 19.7 percent increase in funding when compared to amounts approved for the 2001-03 biennium.

EMPLOYMENT SECURITY DIVISION

The Employment Security Division (ESD) currently employs approximately 446.53 FTEs position responsible for programs that pay unemployment insurance (UI) benefits, collect UI premiums, and match jobseekers with employers. The division also oversees the claimant/employer appeals process and provides training through the Claimant Enhancement Program.

The Executive Budget recommends funding authority of \$51.0 million in FY 2003-04 and \$50.9 million in FY 2004-05 to fund the ongoing employment and training operations of the division. The division is not proposing any new programs during the 2003-05 biennium. However, the Governor is recommending funding authority of \$1.2 million each fiscal year of

the biennium for intermittent positions, which will be used by the division to accommodate fluctuations in unemployment claim workload. The Executive Budget also recommends approximately \$1.8 million over the 2003-05 biennium for new and replacement equipment.

CAREER ENHANCEMENT PROGRAM

The Career Enhancement Program is funded by a .05 percent employer contribution of taxable wages paid, which was offset by a reduction in the unemployment insurance tax rate at the time the program was enacted. The Executive Budget recommends funding of \$15 million in FY 2003-04 and \$14 million in FY 2004-05 to support the ongoing employment and training function of the Career Enhancement Program.

The Governor recommends a reduction in reserves of \$2.6 million in FY 2003-04 and \$2.7 million in FY 2004-05 for additional training services to the unemployed, underemployed and employed Nevadans seeking to gain new skills. Of that amount, the Governor recommends \$500,000 be made available each year to the Nevada Commission on Economic Development for the Train Employees Now (TEN) program, and up to \$1 million per year be set aside for incumbent worker proposals (subject to approval of the department's BDR by the 2003 Legislature).

EMPLOYMENT SECURITY SPECIAL FUND

The Executive Budget recommendations for this budget include approximately \$1.4 million in each fiscal year of the 2003-05 biennium for continued development and implementation of the UI tax contribution system rewrite effort previously approved by the 2001 Legislature.

The Governor also recommends using federal funds from the sale of properties of \$14 million in FY 2003-04 and \$2 million in FY 2004-05 for the design and construction of a new administration building in Las Vegas that was approved by the 2001 Legislature. On November 21, 2002, the Interim Finance Committee authorized a revision in the scope of the project (40,000 square feet to approximately 60,000 square feet, including the acquisition of additional land). The new facility will house the department's administrative functions and unemployment insurance operations, including the Telephone Initial Claims (TIC) center and UI Appeals office, and the Nevada JobConnect office.

REHABILITATION DIVISION

The Rehabilitation Division is comprised of three bureaus: Vocational Rehabilitation, Services to the Blind and Visually Impaired, and Disability Adjudication. The division also includes the Blind Enterprise Program, DETR Client Assistance Program and Rehabilitation Administration, the Nevada Developmental Disabilities Program, and the Office of Community-Based Services.

Based on recommendations made by Legislative Subcommittee for the Study of State Programs for Providing Services to Persons with Disabilities and the Governor's Strategic Plan for Persons with Disabilities, The Executive Budget recommends the transfer of the Developmental Disabilities budget and Community-Based Services budget to the Department of Human Resources. If approved, the recommendation will transfer approximately \$4.6 million in General

Fund and \$7.9 million in federal and other funding from the Rehabilitation Division to the Department of Human Resources.

The programs operated within the Rehabilitation division provide options for Nevadans with disabilities to work and live independently and drug free. Funding for the programs are obtained primarily from federal agencies. General Funds provide the state match to federal funds and are provided to meet federal maintenance-of-effort requirements. Overall recommended funding for the programs of the Rehabilitation Division of \$67.8 million for the 2003-05 biennium represents a 20.5 percent increase in funding when compared with amounts approved by the 2001 Legislature for the 2001-03 biennium (when adjusted for budget transfers and additions). General Fund support of \$3.6 million is recommended in FY 2003-04 and \$3.9 million in FY 2004-05, representing an increase of approximately 6.1 percent when compared to amounts approved for the 2001-03 biennium.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
HUMAN RESOURCES - DIRECTORS OFFICE						
DHR ADMINISTRATION	4,193,693	6,862,758	4,188,958	-38.96	4,212,628	.57
GENERAL FUND	-354,535	791,198	913,675	15.48	916,546	.31
BALANCE FORWARD	1,156,715	1,326,869		-100.00		
FEDERAL FUND	40,000	22,235		-100.00		
INTER AGENCY TRANSFER	3,339,513	4,722,456	3,275,283	-30.64	3,296,082	.64
OTHER FUND	12,000					
DEVELOPMENTAL DISABILITIES	542,921	539,735	563,944	4.49	565,195	.22
GENERAL FUND	119,455	120,271	117,570	-2.25	118,821	1.06
BALANCE FORWARD	-10,479	10,480		-100.00		
FEDERAL FUND	433,945	408,984	446,374	9.14	446,374	
CHILDREN'S TRUST ACCOUNT	935,115	1,869,631		-100.00		
BALANCE FORWARD	-298,035	1,122,727		-100.00		
FEDERAL FUND	578,878	161,581		-100.00		
OTHER FUND	654,272	585,323		-100.00		
COMMUNITY BASED SERVICES	5,473,567	9,683,885	6,116,903	-36.83	5,250,402	-14.17
GENERAL FUND	2,064,510	2,241,937	2,175,910	-2.95	2,175,044	-.04
BALANCE FORWARD	487,370	1,100,099	1,140,843	3.70	1,140,822	-.00
FEDERAL FUND	1,523,376	1,050,649	629,023	-40.13	629,023	
OTHER FUND	1,398,311	5,291,200	2,171,127	-58.97	1,305,513	-39.87
HR FAMILY RESOURCE CENTERS	1,457,773	1,453,163		-100.00		
GENERAL FUND	1,457,773	1,453,163		-100.00		
HR, PURCHASE OF SOCIAL SERVICES	12,882,122	13,206,356		-100.00		
FEDERAL FUND	11,588,109	11,272,523		-100.00		
INTER AGENCY TRANSFER	1,294,013	1,933,833		-100.00		
HR, COMMUNITY SVCS BLOCK GRANT	3,312,836	2,830,048		-100.00		
FEDERAL FUND	3,312,836	2,830,048		-100.00		
HR, FAMILY TO FAMILY CONNECTION	1,535,155	1,590,953		-100.00		
GENERAL FUND	1,435,155	1,490,953		-100.00		
INTER AGENCY TRANSFER	100,000	100,000		-100.00		
HR, STATE AND COMMUNITY COLLABOR	2,689,598	3,234,282	3,255,013	.64	3,262,316	.22
BALANCE FORWARD	-78,787	78,827		-100.00		
FEDERAL FUND	2,706,525	3,090,085	3,255,013	5.34	3,262,316	.22
INTER AGENCY TRANSFER	61,860	65,370		-100.00		
HEALTHY NEVADA FUND	18,363,678	18,112,555	18,813,170	3.87	20,178,317	7.26
GENERAL FUND			1,808,985		3,165,580	74.99
BALANCE FORWARD	-34,513					
OTHER FUND	18,398,191	18,112,555	17,004,185	-6.12	17,012,737	.05
DHR BCBS SETTLEMENT		2,168,632	300,000	-86.17	450,000	50.00
BALANCE FORWARD			150,000		300,000	100.00
OTHER FUND		2,168,632	150,000	-93.08	150,000	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
HR, GRANTS MANAGEMENT UNIT			30,692,884		30,506,052	-61
GENERAL FUND			2,876,895		2,873,841	-11
BALANCE FORWARD			872,100		649,050	-25.58
FEDERAL FUND			16,169,747		16,582,643	2.55
INTER AGENCY TRANSFER			10,089,192		9,695,019	-3.91
OTHER FUND			684,950		705,499	3.00
TOTAL-HUMAN RESOURCES - DIRECTOR	51,386,458	61,551,998	63,930,872	3.86	64,424,910	.77
GENERAL FUND	4,722,358	6,097,522	7,893,035	29.45	9,249,832	17.19
BALANCE FORWARD	1,222,271	3,639,002	2,162,943	-40.56	2,089,872	-3.38
FEDERAL FUND	20,183,669	18,836,105	20,500,157	8.83	20,920,356	2.05
INTER AGENCY TRANSFER	4,795,386	6,821,659	13,364,475	95.91	12,991,101	-2.79
OTHER FUND	20,462,774	26,157,710	20,010,262	-23.50	19,173,749	-4.18
HEALTH CARE FINANCING & POLICY						
HEALTH CARE FINANCING & POLICY	3,044,817	3,904,016	6,640,628	70.10	6,574,828	-99
GENERAL FUND	302,608	313,472	1,934,598	517.15	1,948,836	.74
FEDERAL FUND	1,438,047	1,919,204	2,797,075	45.74	2,775,524	-77
OTHER FUND	1,304,162	1,671,340	1,908,955	14.22	1,850,468	-3.06
HR, HCF&P, NEVADA MEDICAID, TITLE XI	770,369,786	844,376,431	938,698,100	11.17	1,008,910,795	7.48
GENERAL FUND	241,744,350	271,327,819	318,063,932	17.22	327,751,058	3.05
BALANCE FORWARD	-11,012,018	5,217,335		-100.00		
FEDERAL FUND	420,449,526	471,397,716	544,879,835	15.59	601,788,795	10.44
INTER AGENCY TRANSFER	96,470,014	73,823,252	49,891,904	-32.42	51,927,161	4.08
OTHER FUND	22,717,914	22,610,309	25,862,429	14.38	27,443,781	6.11
HCF&P INTERGOVERNMENTAL TRANSFER	96,326,908	89,847,865	66,449,841	-26.04	69,132,508	4.04
BALANCE FORWARD	38,123,926	30,065,357	15,868,520	-47.22	16,449,849	3.66
OTHER FUND	58,202,982	59,782,508	50,581,321	-15.39	52,682,659	4.15
HR, HCF&P, NEVADA CHECK-UP PROGRAM	29,949,236	32,745,434	34,958,246	6.76	38,663,559	10.60
GENERAL FUND	10,107,991	10,900,890	10,679,942	-2.03	11,370,629	6.47
BALANCE FORWARD	-900,395	900,395		-100.00		
FEDERAL FUND	20,126,488	20,108,218	23,227,402	15.51	26,137,234	12.53
OTHER FUND	615,152	835,931	1,050,902	25.72	1,155,696	9.97
TOTAL-HEALTH CARE FINANCING & POLICY	899,690,747	970,873,746	1,046,746,815	7.81	1,123,281,690	7.31
GENERAL FUND	252,154,949	282,542,181	330,678,472	17.04	341,070,523	3.14
BALANCE FORWARD	26,211,513	36,183,087	15,868,520	-56.14	16,449,849	3.66
FEDERAL FUND	442,014,061	493,425,138	570,904,312	15.70	630,701,553	10.47
INTER AGENCY TRANSFER	96,470,014	73,823,252	49,891,904	-32.42	51,927,161	4.08
OTHER FUND	82,840,210	84,900,088	79,403,607	-6.47	83,132,604	4.70

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
HEALTH DIVISION						
HR, HEALTH ALCOHOL TAX PROGRAM	932,587	1,144,033	999,071	-12.67	921,139	-7.80
BALANCE FORWARD	211,448	350,644	277,932	-20.74	200,000	-28.04
OTHER FUND	721,139	793,389	721,139	-9.11	721,139	
HR, OFFICE OF HEALTH ADMINISTRATIO	3,321,690	3,332,532	2,967,556	-10.95	3,036,675	2.33
GENERAL FUND	452,176	468,366	631,778	34.89	648,592	2.66
BALANCE FORWARD	-3,653	3,653		-100.00		
FEDERAL FUND	1,368,939	1,375,502	479,455	-65.14	481,517	.43
INTER AGENCY TRANSFER	1,475,276	1,484,980	1,837,292	23.73	1,887,535	2.73
OTHER FUND	28,952	31	19,031	11,290.32	19,031	
HR, VITAL STATISTICS	868,663	779,450	1,045,191	34.09	1,068,395	2.22
GENERAL FUND	441,499	441,141	543,569	23.22	566,773	4.27
FEDERAL FUND	427,164	338,309	501,622	48.27	501,622	
HR, CANCER CONTROL REGISTRY	1,040,505	1,368,643	1,241,855	-9.26	1,240,888	-.08
BALANCE FORWARD	-394,578	459,632	150,123	-67.34	144,028	-4.06
FEDERAL FUND	1,325,803	810,123	1,001,096	23.57	1,001,096	
OTHER FUND	109,280	98,888	90,636	-8.34	95,764	5.66
HR, HEALTH AID TO COUNTIES	1,461,937	1,507,638		-100.00		
GENERAL FUND	1,316,655	1,357,815		-100.00		
INTER AGENCY TRANSFER	145,282	149,823		-100.00		
HR, CONSUMER HEALTH PROTECTION	2,969,154	3,053,593	3,312,148	8.47	3,331,074	.57
GENERAL FUND	960,688	1,124,791	1,288,931	14.59	1,306,020	1.33
FEDERAL FUND	1,010,801	921,270	911,984	-1.01	911,984	
INTER AGENCY TRANSFER	15,000	14,950	15,000	.33	15,000	
OTHER FUND	982,665	992,582	1,096,233	10.44	1,098,070	.17
HR, RADIOLOGICAL HEALTH	921,165	1,096,813	1,127,694	2.82	1,119,246	-.75
GENERAL FUND	117,298	221,676	264,342	19.25	253,676	-4.03
BALANCE FORWARD	186					
FEDERAL FUND	280,016	399,645	327,550	-18.04	327,410	-.04
INTER AGENCY TRANSFER	202,290	210,474	189,127	-10.14	191,393	1.20
OTHER FUND	321,375	265,018	346,675	30.81	346,767	.03
HR, HEALTH RADIOACTIVE & HAZARDOU	272,170	11,922,291	12,082,989	1.35	12,272,653	1.57
BALANCE FORWARD	-239,316	11,208,298	11,571,503	3.24	11,761,167	1.64
OTHER FUND	511,486	713,993	511,486	-28.36	511,486	
SAFE WATER DRINKING ACT	7,281,224	18,547,311	9,409,714	-49.27	9,414,848	.05
BALANCE FORWARD	-2,072,873	4,619,365		-100.00		
FEDERAL FUND	6,328,354	11,260,946	6,383,971	-43.31	6,389,105	.08
OTHER FUND	3,025,743	2,667,000	3,025,743	13.45	3,025,743	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
HR, HEALTH FACILITIES HOSPITAL LICEN	4,378,651	6,141,191	5,349,860	-12.89	5,574,234	4.19
BALANCE FORWARD	-250,495	862,117	760,301	-11.81	775,977	2.06
FEDERAL FUND	1,426,685	1,565,208	1,571,493	.40	1,575,028	.22
INTER AGENCY TRANSFER	996,477	934,960	1,043,960	11.66	1,043,960	
OTHER FUND	2,205,984	2,778,906	1,974,106	-28.96	2,179,269	10.39
HR, COMMUNITY HEALTH SERVICES	2,612,411	2,960,765	2,892,685	-2.30	2,923,802	1.08
GENERAL FUND	225,790	254,032	312,993	23.21	315,245	.72
BALANCE FORWARD	8,171	10,250		-100.00		
FEDERAL FUND	1,254,152	1,368,663	1,294,226	-5.44	1,298,166	.30
INTER AGENCY TRANSFER	314,032	347,652	347,380	-.08	347,380	
OTHER FUND	810,266	980,168	938,086	-4.29	963,011	2.66
HR, HEALTH COMMUNICABLE DISEASE C	3,500,577	3,960,582	5,311,842	34.12	5,338,934	.51
GENERAL FUND	808,049	803,268	824,762	2.68	824,800	.00
BALANCE FORWARD	-12,466	12,467		-100.00		
FEDERAL FUND	2,704,994	3,039,141	4,487,080	47.64	4,514,134	.60
OTHER FUND		105,706		-100.00		
HR, FAMILY PLANNING PROJECT	745,231	1,027,504	1,038,342	1.05	1,061,489	2.23
BALANCE FORWARD	-124,671	193,319	167,925	-13.14	191,536	14.06
FEDERAL FUND	580,473	533,710	596,733	11.81	596,269	-.08
OTHER FUND	289,429	300,475	273,684	-8.92	273,684	
HR, SEXUALLY TRANSMITTED DISEASE C	10,741,488	9,015,462	11,118,223	23.32	11,140,269	.20
GENERAL FUND	1,491,787	1,576,915	1,546,223	-1.95	1,545,364	-.06
BALANCE FORWARD	-199,577	200,307		-100.00		
FEDERAL FUND	9,449,278	7,238,240	9,572,000	32.24	9,594,905	.24
HR, IMMUNIZATION PROGRAM	4,266,507	3,720,622	5,395,910	45.03	5,514,248	2.19
GENERAL FUND	1,118,883	1,061,104	1,923,290	81.25	1,983,005	3.10
BALANCE FORWARD	-6,136	6,136		-100.00		
FEDERAL FUND	2,558,640	1,976,845	2,766,316	39.94	2,774,451	.29
INTER AGENCY TRANSFER	595,120	676,537	706,304	4.40	756,792	7.15
HR, MATERNAL CHILD HEALTH SERVICE	3,936,236	5,162,527	4,242,717	-17.82	4,262,078	.46
GENERAL FUND	1,208,647	1,228,137	1,278,938	4.14	1,282,329	.27
BALANCE FORWARD	-14,021	64,857		-100.00		
FEDERAL FUND	1,707,486	2,150,286	1,933,433	-10.08	1,947,446	.72
INTER AGENCY TRANSFER	129,574	170,978	100,000	-41.51	100,000	
OTHER FUND	904,550	1,548,269	930,346	-39.91	932,303	.21
HR, SPECIAL CHILDREN'S CLINIC	6,244,599	6,335,159	12,376,476	95.36	12,862,811	3.93
GENERAL FUND	4,364,711	4,327,267	8,921,593	106.17	9,364,203	4.96
FEDERAL FUND	439,066	597,616	827,936	38.54	871,678	5.28
INTER AGENCY TRANSFER	692,792	597,713	1,866,832	212.33	1,866,815	-.00
OTHER FUND	748,030	812,563	760,115	-6.45	760,115	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
HR, WIC FOOD SUPPLEMENT	31,382,629	31,353,624	35,129,209	12.04	35,137,471	.02
BALANCE FORWARD	-7,266	97,960	-100.00			
FEDERAL FUND	22,048,955	23,129,840	25,787,976	11.49	25,796,238	.03
OTHER FUND	9,340,940	8,125,824	9,341,233	14.96	9,341,233	
HR, EMERGENCY MEDICAL SERVICES	694,234	724,242	797,115	10.06	822,561	3.19
GENERAL FUND	654,887	691,936	761,250	10.02	771,146	1.30
BALANCE FORWARD	13,665	11,920	6,400	-46.31	6,400	
FEDERAL FUND	2,941					
OTHER FUND	22,741	20,386	29,465	44.54	45,015	52.77
HR HEALTH ALCOHOL & DRUG REHABILI	14,761,636	17,762,534	17,094,706	-3.76	16,913,884	-1.06
GENERAL FUND	3,071,005	3,072,480	3,149,714	2.51	3,168,994	.61
BALANCE FORWARD	-675,479	773,356	-100.00			
FEDERAL FUND	11,182,525	13,695,198	13,727,744	.24	13,727,642	-.00
INTER AGENCY TRANSFER	1,031,021					
OTHER FUND	152,564	221,500	217,248	-1.92	17,248	-92.06
HR HEALTH ALERT NETWORK	1,035,714	10,067,040	10,732,794	6.61	10,730,088	-.03
BALANCE FORWARD	-213,760	224,144	-100.00			
FEDERAL FUND	1,249,474	9,842,896	10,732,794	9.04	10,730,088	-.03
HR, HEALTH PUBLIC HEALTH TOBACCO	208,503	315,632	538,872	70.73	657,986	22.10
BALANCE FORWARD	7,326					
FEDERAL FUND	1,177					
OTHER FUND	200,000	315,632	538,872	70.73	657,986	22.10
TOTAL-HEALTH DIVISION	103,577,511	141,299,188	144,204,969	2.06	145,344,773	.79
GENERAL FUND	16,232,075	16,628,928	21,447,383	28.98	22,030,147	2.72
BALANCE FORWARD	-3,973,495	19,098,425	12,934,184	-32.28	13,079,108	1.12
FEDERAL FUND	65,346,923	80,243,438	82,903,409	3.31	83,038,779	.16
INTER AGENCY TRANSFER	5,596,864	4,588,067	6,105,895	33.08	6,208,875	1.69
OTHER FUND	20,375,144	20,740,330	20,814,098	.36	20,987,864	.83

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
AGING SERVICES						
HR, AGING OLDER AMERICANS ACT	10,553,174	11,515,605	12,721,703	10.47	13,048,220	2.57
GENERAL FUND	2,648,028	2,711,870	3,045,553	12.30	3,091,133	1.50
BALANCE FORWARD	13,066	77,009		-100.00		
FEDERAL FUND	6,980,784	7,862,335	8,370,583	6.46	8,589,822	2.62
INTER AGENCY TRANSFER	692,586	671,179	1,023,480	52.49	1,085,817	6.09
OTHER FUND	218,710	193,212	282,087	46.00	281,448	-2.23
HR, SENIOR SERVICES PROGRAM	8,680,229	11,411,894	10,396,845	-8.89	10,933,741	5.16
GENERAL FUND	1,045,443	1,083,840	2,074,169	91.37	2,097,095	1.11
BALANCE FORWARD	-281,654	300,831		-100.00		
INTER AGENCY TRANSFER	7,782,838	9,909,269	8,185,004	-17.40	8,698,405	6.27
OTHER FUND	133,602	117,954	137,672	16.72	138,241	.41
HR, EPS/HOMEMAKER PROGRAMS	2,646,801	2,709,301	2,996,077	10.58	3,074,730	2.63
GENERAL FUND	12,819	13,303	315,178	2,269.22	393,831	24.96
BALANCE FORWARD	130,988					
INTER AGENCY TRANSFER	2,502,994	2,647,504	2,680,899	1.26	2,680,899	
OTHER FUND		48,494		-100.00		
HR, AGING SERVICES GRANTS	5,069,479	5,720,988	6,811,256	19.06	5,953,412	-12.59
BALANCE FORWARD	475,622					
INTER AGENCY TRANSFER	4,593,857	5,720,988	6,811,256	19.06	5,953,412	-12.59
SENIOR CITIZENS' PROPERTY TAX ASSIS	3,622,161	4,668,123	4,235,708	-9.26	4,575,902	8.03
GENERAL FUND	3,957,809	4,332,475	4,235,708	-2.23	4,575,902	8.03
BALANCE FORWARD	-335,648	335,648		-100.00		
TOTAL-AGING SERVICES	30,571,844	36,025,911	37,161,589	3.15	37,586,005	1.14
GENERAL FUND	7,664,099	8,141,488	9,670,608	18.78	10,157,961	5.04
BALANCE FORWARD	2,374	713,488				.00
FEDERAL FUND	6,980,784	7,862,335	8,370,583	6.46	8,589,822	2.62
INTER AGENCY TRANSFER	15,572,275	18,948,940	18,700,639	-1.31	18,418,533	-1.51
OTHER FUND	352,312	359,660	419,759	16.71	419,689	-0.02

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
DIVISION OF MENTAL HEALTH AND DEVELOPMENT						
HR, MHDS ADMINISTRATION	2,386,763	2,492,226	2,754,992	10.54	2,783,677	1.04
GENERAL FUND	1,832,664	2,055,879	2,159,537	5.04	2,184,824	1.17
BALANCE FORWARD	59,591	19,205		-100.00		
FEDERAL FUND	399,836	322,150	473,308	46.92	473,295	-.00
INTER AGENCY TRANSFER	94,672	94,992	122,147	28.59	125,558	2.79
HR, NEVADA MENTAL HEALTH INSTITUTE	18,733,518	19,322,166	23,924,035	23.82	25,839,273	8.01
GENERAL FUND	14,943,596	15,465,465	19,877,150	28.53	21,556,196	8.45
BALANCE FORWARD	317,156	122,672		-100.00		
FEDERAL FUND	886,020	1,086,887	941,370	-13.39	976,683	3.75
INTER AGENCY TRANSFER	1,345,542	1,965,869	1,779,036	-9.50	1,937,517	8.91
INTERIM FINANCE	204,681					
OTHER FUND	1,036,523	681,273	1,326,479	94.71	1,368,877	3.20
HR, FACILITY FOR THE MENTAL OFFENDER	4,969,048	5,121,181	5,620,076	9.74	5,681,592	1.09
GENERAL FUND	4,659,826	4,984,420	5,535,762	11.06	5,597,278	1.11
BALANCE FORWARD	47,378	44,722		-100.00		
OTHER FUND	261,844	92,039	84,314	-8.39	84,314	
HR, RURAL CLINICS	7,827,035	8,480,448	10,492,118	23.72	11,255,655	7.28
GENERAL FUND	4,507,359	4,959,600	6,529,366	31.65	7,067,971	8.25
BALANCE FORWARD	125,773	37,365		-100.00		
FEDERAL FUND	810,204	891,538	1,006,454	12.89	1,081,080	7.41
INTER AGENCY TRANSFER	1,457,922	1,861,478	2,021,165	8.58	2,117,029	4.74
INTERIM FINANCE	377,466					
OTHER FUND	548,311	730,467	935,133	28.02	989,575	5.82
HR, SOUTHERN NEVADA ADULT MENTAL	42,419,045	42,394,844	52,008,344	22.68	57,981,664	11.49
GENERAL FUND	30,100,642	31,731,184	39,459,164	24.35	44,807,377	13.55
BALANCE FORWARD	350,000					
FEDERAL FUND	2,296,205	2,495,959	2,391,038	-4.20	2,532,540	5.92
INTER AGENCY TRANSFER	3,062,617	2,969,669	3,610,588	21.58	4,087,972	13.22
INTERIM FINANCE	21,740					
OTHER FUND	6,587,841	5,198,032	6,547,554	25.96	6,553,775	.10
HR, SOUTHERN FOOD SERVICE	1,115,566	1,253,219	1,262,185	.72	1,221,416	-3.23
INTER AGENCY TRANSFER	1,115,566	1,253,219	1,262,185	.72	1,221,416	-3.23
HR, SIERRA REGIONAL CENTER	18,240,302	19,006,096	21,904,867	15.25	25,677,161	17.22
GENERAL FUND	10,031,305	10,700,883	12,094,557	13.02	14,051,262	16.18
BALANCE FORWARD	78,005	42,507		-100.00		
INTER AGENCY TRANSFER	7,661,115	7,804,673	9,390,527	20.32	11,206,116	19.33
OTHER FUND	469,877	458,033	419,783	-8.35	419,783	
HR, DESERT REGIONAL CENTER	34,910,627	38,629,870	46,150,067	19.47	55,862,966	21.05
GENERAL FUND	18,184,938	20,459,820	24,304,893	18.79	29,206,050	20.17
BALANCE FORWARD	44,086	116,495		-100.00		
INTER AGENCY TRANSFER	15,394,524	16,791,881	20,627,556	22.84	25,439,298	23.33
OTHER FUND	1,287,079	1,261,674	1,217,618	-3.49	1,217,618	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
HR, FAMILY PRESERVATION PROGRAM	615,794	617,626	944,719	52.96	1,104,396	16.90
GENERAL FUND	615,794	617,626	944,719	52.96	1,104,396	16.90
HR, RURAL REGIONAL CENTER	4,963,432	5,771,054	8,021,389	38.99	9,961,642	24.19
GENERAL FUND	2,812,158	3,405,397	4,401,784	29.26	5,546,953	26.02
BALANCE FORWARD	14,164	10,339		-100.00		
INTER AGENCY TRANSFER	2,089,792	2,304,183	3,580,043	55.37	4,375,127	22.21
OTHER FUND	47,318	51,135	39,562	-22.63	39,562	
HR, MENTAL HEALTH INFORMATION SYS	540,382	546,169	623,459	14.15	548,513	-12.02
GENERAL FUND	318,544	337,512	442,101	30.99	442,155	.01
BALANCE FORWARD	94,835	141,655		-100.00		
FEDERAL FUND	67,056		100,000		25,000	-75.00
INTER AGENCY TRANSFER	59,947	67,002	81,358	21.43	81,358	
TOTAL-DIVISION OF MENTAL HEALTH AN	136,721,512	143,634,899	173,706,251	20.94	197,917,955	13.94
GENERAL FUND	88,006,826	94,717,786	115,749,033	22.20	131,564,462	13.66
BALANCE FORWARD	1,130,988	534,960				.00
FEDERAL FUND	4,459,321	4,796,534	4,912,170	2.41	5,088,598	3.59
INTER AGENCY TRANSFER	32,281,697	35,112,966	42,474,605	20.97	50,591,391	19.11
INTERIM FINANCE	603,887					
OTHER FUND	10,238,793	8,472,653	10,570,443	24.76	10,673,504	.97

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
WELFARE DIVISION						
HR, WELFARE ADMINISTRATION	25,255,032	25,085,996	28,573,379	13.90	29,868,516	4.53
GENERAL FUND	6,507,870	6,609,825	9,153,060	38.48	10,012,300	9.39
BALANCE FORWARD	1,815,013	203,776		-100.00		
FEDERAL FUND	14,604,551	15,710,778	16,847,037	7.23	17,408,996	3.34
INTER AGENCY TRANSFER	1,936,352	2,276,444	2,339,733	2.78	2,213,671	-5.39
INTERIM FINANCE	141,815					
OTHER FUND	249,431	285,173	233,549	-18.10	233,549	
HR, WELFARE/TANF	59,392,583	79,431,283	76,306,755	-3.93	87,138,602	14.20
GENERAL FUND	24,607,122	24,607,122	39,225,180	59.41	53,241,248	35.73
BALANCE FORWARD	-136,284	145,853	7,773,571	5,229.73	5,000,000	-35.68
FEDERAL FUND	37,259,228	54,678,308	29,308,004	-46.40	28,897,354	-1.40
INTER AGENCY TRANSFER	-2,337,483					
HR, CHILD SUPPORT ENFORCEMENT PR	6,242,898	7,436,890	9,996,160	34.41	10,945,457	9.50
BALANCE FORWARD	-694,988	830,493		-100.00	883,088	
FEDERAL FUND	4,200,999	4,771,773	5,800,463	21.56	5,784,189	-28
INTER AGENCY TRANSFER		1,464	1,008,684	8,799.18	1,008,684	
OTHER FUND	2,736,887	1,833,160	3,187,013	73.85	3,269,496	2.59
HR, ASSISTANCE TO AGED AND BLIND	6,090,696	6,028,949	6,458,892	7.13	6,724,549	4.11
GENERAL FUND	6,090,696	6,028,949	6,458,892	7.13	6,724,549	4.11
HR, WELFARE FIELD SERVICES	39,601,203	43,914,199	52,654,288	19.90	61,010,547	15.87
GENERAL FUND	10,692,967	10,511,709	19,288,880	83.50	25,165,867	30.47
BALANCE FORWARD	596,554	23,088	3,072	-86.69		-100.00
FEDERAL FUND	20,700,687	25,590,667	26,049,369	1.79	27,462,262	5.42
INTER AGENCY TRANSFER	7,594,751	7,292,392	7,312,967	.28	8,382,418	14.62
INTERIM FINANCE	9,167	496,343		-100.00		
OTHER FUND	7,077					
HR, CHILD ASSISTANCE AND DEVELOPM	43,339,857	35,855,852	43,442,014	21.16	43,456,426	.03
GENERAL FUND	9,313,526	9,313,094	9,033,701	-3.00	9,033,701	
BALANCE FORWARD	-14,225	3,201,039		-100.00		
FEDERAL FUND	34,040,556	23,341,719	34,408,313	47.41	34,422,725	.04
HR, ENERGY ASSISTANCE - WELFARE	5,686,428	11,823,811	11,436,684	-3.27	11,586,346	1.31
GENERAL FUND	-3,867,219					
BALANCE FORWARD	1,252,170	2,761,303		-100.00		
FEDERAL FUND	3,500,174	2,074,306	3,330,457	60.56	3,325,406	-15
INTER AGENCY TRANSFER	2,750,000					
OTHER FUND	2,051,303	6,988,202	8,106,227	16.00	8,260,940	1.91
HR, CHILD SUPPORT FEDERAL REIMBUF	19,308,779	20,694,356	21,909,410	5.87	23,808,907	8.67
BALANCE FORWARD	-104,804	40,329		-100.00		
FEDERAL FUND	19,413,583	20,654,027	21,909,410	6.08	23,808,907	8.67
TOTAL-WELFARE DIVISION	204,917,476	230,271,336	250,777,582	8.91	274,539,350	9.48
GENERAL FUND	53,344,962	57,070,699	83,159,713	45.71	104,177,665	25.27

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
BALANCE FORWARD	2,713,436	7,205,881	7,776,643	7.92	5,883,088	-24.35
FEDERAL FUND	133,719,778	146,821,578	137,653,053	-6.24	141,109,839	2.51
INTER AGENCY TRANSFER	9,943,620	9,570,300	10,661,384	11.40	11,604,773	8.85
INTERIM FINANCE	150,982	496,343				.00
OTHER FUND	5,044,698	9,106,535	11,526,789	26.58	11,763,985	2.06

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
CHILD & FAMILY SERVICES						
HR, C&FS - JUVENILE CORRECTIONAL F/	2,790,123	5,638,547	4,283,572	-24.03	5,055,623	18.02
GENERAL FUND	2,078,433	5,118,691	3,897,511	-23.86	4,617,795	18.48
BALANCE FORWARD	4,858	162,390		-100.00		
INTER AGENCY TRANSFER	671,190	292,365	386,061	32.05	437,828	13.41
OTHER FUND	35,642	65,101		-100.00		
HR, CHILDREN AND FAMILY ADMINISTRA	25,662,686	25,658,394	19,351,203	-24.58	19,569,195	1.13
GENERAL FUND	7,590,678	7,334,135	7,596,294	3.57	7,720,721	1.64
BALANCE FORWARD	797,053	134		-100.00		
FEDERAL FUND	13,638,592	15,278,424	10,710,535	-29.90	10,793,887	.78
INTER AGENCY TRANSFER	3,335,933	2,772,776	892,790	-67.80	903,003	1.14
INTERIM FINANCE	15,101					
OTHER FUND	285,329	272,925	151,584	-44.46	151,584	
CHILD WELFARE INTEGRATION	1,752,265	20,907,246	47,739,393	128.34	52,206,954	9.36
GENERAL FUND	246,380	8,500,327	28,904,210	240.04	32,430,797	12.20
BALANCE FORWARD	897,572	4,269,288		-100.00		
FEDERAL FUND	88,299	6,323,209	11,736,880	85.62	12,463,834	6.19
INTER AGENCY TRANSFER	520,014	1,786,502	6,319,154	253.72	6,481,673	2.57
OTHER FUND		27,920	779,149	2,690.65	830,650	6.61
HR, UNITY/SACWIS	7,758,872	5,022,286	5,774,587	14.98	5,799,960	.44
GENERAL FUND	2,722,034	2,461,850	3,066,350	24.55	3,078,353	.39
FEDERAL FUND	4,732,074	2,560,436	2,640,207	3.12	2,651,565	.43
INTER AGENCY TRANSFER			68,030		70,042	2.96
OTHER FUND	304,764					
HR, CHILD CARE SERVICES	1,357,997	1,466,267	1,104,357	-24.68	1,138,837	3.12
GENERAL FUND	421,701	499,502	279,779	-43.99	309,103	10.48
FEDERAL FUND	338,188	499,311	184,470	-63.06	189,626	2.80
INTER AGENCY TRANSFER	576,323	448,988	618,323	37.71	618,323	
OTHER FUND	21,785	18,466	21,785	17.97	21,785	
HR, YOUTH ALTERNATIVE PLACEMENT	1,650,085	2,322,223	2,640,392	13.70	2,697,931	2.18
GENERAL FUND	834,655	1,071,670	1,039,521	-3.00	1,039,521	
OTHER FUND	815,430	1,250,553	1,600,871	28.01	1,658,410	3.59
HR, NEVADA YOUTH TRAINING CENTER	6,454,459	6,175,637	7,451,334	20.66	7,913,100	6.20
GENERAL FUND	5,777,859	5,693,123	7,063,473	24.07	7,525,239	6.54
BALANCE FORWARD	81,372	2,835		-100.00		
INTER AGENCY TRANSFER	493,052	479,679	387,861	-19.14	387,861	
INTERIM FINANCE	102,176					
HR, YOUTH PAROLE SERVICES	3,794,445	4,882,333	4,478,844	-8.26	4,555,377	1.71
GENERAL FUND	3,774,086	4,340,504	4,458,485	2.72	4,535,018	1.72
BALANCE FORWARD	2,165					
FEDERAL FUND		520,977		-100.00		
OTHER FUND	18,194	20,852	20,359	-2.36	20,359	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
HR, YOUTH COMMUNITY SERVICES	50,194,873	54,444,119	25,575,731	-53.02	26,500,145	3.61
GENERAL FUND	24,983,742	24,178,798	8,717,904	-63.94	8,846,240	1.47
BALANCE FORWARD	84,777	142,584	24,540	-82.79	24,540	
FEDERAL FUND	7,137,836	11,659,468	4,650,108	-60.12	4,900,450	5.38
INTER AGENCY TRANSFER	17,908,966	18,342,254	12,081,179	-34.13	12,626,915	4.52
OTHER FUND	79,552	121,015	102,000	-15.71	102,000	
TRANSITION FROM FOSTER CARE		1,404,000	1,108,000	-21.08	1,162,000	4.87
BALANCE FORWARD	-678,582	678,582	54,000	-92.04	108,000	100.00
OTHER FUND	678,582	725,418	1,054,000	45.30	1,054,000	
HR, CALIENTE YOUTH CENTER	4,660,857	4,504,961	5,749,796	27.63	6,114,568	6.34
GENERAL FUND	4,328,913	4,223,872	5,471,575	29.54	5,836,347	6.67
INTER AGENCY TRANSFER	223,697	221,025	278,221	25.88	278,221	
OTHER FUND	108,247	60,064		-100.00		
HR, CHILD WELFARE TRUST	794,192	2,226,652	287,211	-87.10	326,123	13.55
BALANCE FORWARD	-294,151	1,163,031	134,550	-88.43	160,462	19.26
OTHER FUND	1,088,343	1,063,621	152,661	-85.65	165,661	8.52
HR, CHILD ABUSE AND NEGLECT	293,845	432,208	349,287	-19.19	349,287	
BALANCE FORWARD	1					
FEDERAL FUND	293,844	432,208	349,287	-19.19	349,287	
HR, SOUTHERN NEVADA CHILD & ADOLE	17,257,677	18,548,903	17,126,119	-7.67	16,139,186	-5.76
GENERAL FUND	6,131,249	6,168,688	6,830,100	10.72	7,230,744	5.87
BALANCE FORWARD	148,150					
FEDERAL FUND	2,316,516	2,217,402	2,175,828	-1.87	935,011	-57.03
INTER AGENCY TRANSFER	8,516,898	9,950,138	8,024,600	-19.35	7,877,453	-1.83
INTERIM FINANCE	20,168					
OTHER FUND	124,696	212,675	95,591	-55.05	95,978	.40
HR, NORTHERN NEVADA CHILD & ADOLE	6,744,061	6,532,625	6,161,311	-5.68	6,285,890	2.02
GENERAL FUND	2,121,552	2,071,338	2,140,354	3.33	2,240,750	4.69
BALANCE FORWARD	71,423	1,469		-100.00		
FEDERAL FUND	306,945	209,116	306,945	46.78	306,945	
INTER AGENCY TRANSFER	4,080,392	4,132,475	3,572,041	-13.56	3,596,224	.68
INTERIM FINANCE	9,248					
OTHER FUND	154,501	118,227	141,971	20.08	141,971	
HR, VICTIMS OF DOMESTIC VIOLENCE	2,176,814	3,133,925	4,025,348	28.44	3,602,552	-10.50
BALANCE FORWARD	-106,196	802,533	925,348	15.30	502,552	-45.69
OTHER FUND	2,283,010	2,331,392	3,100,000	32.97	3,100,000	
HR, DCFS - JUVENILE ACOUNTABILITY BI	2,396,644	4,295,461	2,024,100	-52.88	2,024,100	
BALANCE FORWARD	21,738	2,271,102		-100.00		
FEDERAL FUND	2,309,400	1,949,100	1,949,100		1,949,100	
OTHER FUND	65,506	75,259	75,000	-.34	75,000	
TOTAL-CHILD & FAMILY SERVICES	135,739,895	167,595,787	155,230,585	-7.38	161,440,828	4.00
GENERAL FUND	61,011,282	71,662,498	79,465,556	10.89	85,410,628	7.48

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
BALANCE FORWARD	1,030,180	9,493,948	1,138,438	-88.01	795,554	-30.12
FEDERAL FUND	31,161,694	41,649,651	34,703,360	-16.68	34,539,705	-.47
INTER AGENCY TRANSFER	36,326,465	38,426,202	32,628,260	-15.09	33,277,543	1.99
INTERIM FINANCE	146,693					
OTHER FUND	6,063,581	6,363,488	7,294,971	14.64	7,417,398	1.68
OTHER HUMAN RESOURCES						
INDIAN AFFAIRS COMMISSION	116,871	146,257	131,743	-9.92	134,268	1.92
GENERAL FUND	116,059	119,931	131,743	9.85	134,268	1.92
BALANCE FORWARD	-1,188	1,188		-100.00		
INTER AGENCY TRANSFER	2,000	25,138		-100.00		
HR, PUBLIC DEFENDER	2,074,781	1,961,304	2,236,552	14.03	2,224,012	-.56
GENERAL FUND	992,522	993,292	1,127,682	13.53	1,122,290	-.48
OTHER FUND	1,082,259	968,012	1,108,870	14.55	1,101,722	-.64
TOTAL-OTHER HUMAN RESOURCES	2,191,652	2,107,561	2,368,295	12.37	2,358,280	-.42
GENERAL FUND	1,108,581	1,113,223	1,259,425	13.13	1,256,558	-.23
INTER AGENCY TRANSFER	2,000	25,138				.00
OTHER FUND	1,082,259	968,012	1,108,870	14.55	1,101,722	-.64

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
DETR - DIRETOR'S OFFICE						
DETR, ADMINISTRATION	3,362,134	3,814,242	3,837,533	.61	3,941,555	2.71
BALANCE FORWARD	-7,707	54,521	47,595	-12.70	47,595	
INTER AGENCY TRANSFER	3,336,528	3,759,721	3,789,938	.80	3,893,960	2.74
OTHER FUND	33,313					
DETR, INFORMATION DEVELOPMENT AN	5,667,459	6,117,429	7,095,239	15.98	7,195,672	1.42
BALANCE FORWARD	-59,057	78,855	20,451	-74.07	20,451	
FEDERAL FUND	175,119	88,328	113,485	28.48	114,107	.55
INTER AGENCY TRANSFER	5,445,095	5,917,640	6,928,697	17.09	7,028,508	1.44
OTHER FUND	106,302	32,606	32,606		32,606	
DETR, RESEARCH & ANALYSIS	2,627,933	3,070,667	3,180,730	3.58	3,172,337	-26
BALANCE FORWARD	73,088	197,651	120,141	-39.22	71,997	-40.07
FEDERAL FUND	1,809,783	1,948,490	2,091,205	7.32	2,123,915	1.56
INTER AGENCY TRANSFER	593,630	919,526	814,384	-11.43	821,425	.86
OTHER FUND	151,432	5,000	155,000	3,000.00	155,000	
DETR, EQUAL RIGHTS COMMISSION	1,331,715	1,355,844	1,640,327	20.98	1,690,790	3.08
GENERAL FUND	881,627	888,303	1,116,530	25.69	1,148,296	2.85
FEDERAL FUND	447,600	463,200	521,000	12.48	539,000	3.45
OTHER FUND	2,488	4,341	2,797	-35.57	3,494	24.92
TOTAL-DETR - DIRETOR'S OFFICE	12,989,241	14,358,182	15,753,829	9.72	16,000,354	1.56
GENERAL FUND	881,627	888,303	1,116,530	25.69	1,148,296	2.85
BALANCE FORWARD	6,324	331,027	188,187	-43.15	140,043	-25.58
FEDERAL FUND	2,432,502	2,500,018	2,725,690	9.03	2,777,022	1.88
INTER AGENCY TRANSFER	9,375,253	10,596,887	11,533,019	8.83	11,743,893	1.83
OTHER FUND	293,535	41,947	190,403	353.91	191,100	.37

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
REHABILITATION DIVISION						
DETR, REHABILITATION ADMINISTRATIO	307,961	471,526	390,312	-17.22	393,938	.93
BALANCE FORWARD	-9,639	37,595	27,956	-25.64	27,956	
INTER AGENCY TRANSFER	317,600	433,931	362,356	-16.49	365,982	1.00
DETR, VOCATIONAL REHABILITATION	12,697,764	15,546,329	14,800,272	-4.80	15,967,534	7.89
GENERAL FUND	2,422,146	2,670,268	2,646,386	-.89	2,879,288	8.80
BALANCE FORWARD	177,342	432,372	22,579	-94.78	22,461	-.52
FEDERAL FUND	10,089,938	12,282,399	12,123,059	-1.30	13,057,537	7.71
OTHER FUND	8,338	161,290	8,248	-94.89	8,248	
DETR, OFFICE OF DISABILITY EMPLOYM	240,573	246,316	295,071	19.79	270,991	-8.16
GENERAL FUND	236,967	242,710	19,549	-91.95	19,549	
FEDERAL FUND			26,177		26,167	-.04
INTER AGENCY TRANSFER	3,606	3,606	249,345	6,814.73	225,275	-9.65
DETR, DISABILITY ADJUDICATION	7,399,888	9,420,380	10,822,731	14.89	12,072,573	11.55
BALANCE FORWARD	2,032	89		-100.00		
FEDERAL FUND	7,397,856	9,420,291	10,822,731	14.89	12,072,573	11.55
DETR, SERVICES TO THE BLIND & VISUA	3,492,753	3,922,418	3,889,928	-.83	4,060,059	4.37
GENERAL FUND	781,713	978,208	980,387	.22	1,022,490	4.29
BALANCE FORWARD	44,741					
FEDERAL FUND	2,641,077	2,838,116	2,909,541	2.52	3,037,569	4.40
INTER AGENCY TRANSFER	9,222					
OTHER FUND	16,000	106,094		-100.00		
DETR, BLIND BUSINESS ENTERPRISE PF	878,013	2,230,645	2,442,601	9.50	2,043,906	-16.32
BALANCE FORWARD	-33,632	1,131,276	1,130,956	-.03	732,261	-35.25
OTHER FUND	911,645	1,099,369	1,311,645	19.31	1,311,645	
DETR, CLIENT ASSISTANCE PROGRAM	140,364	151,970	159,861	5.19	160,979	.70
BALANCE FORWARD	753					
FEDERAL FUND	139,611	151,970	159,861	5.19	160,979	.70
TOTAL-REHABILITATION DIVISION	25,157,316	31,989,584	32,800,776	2.54	34,969,980	6.61
GENERAL FUND	3,440,826	3,891,186	3,646,322	-6.29	3,921,327	7.54
BALANCE FORWARD	181,597	1,601,332	1,181,491	-26.22	782,678	-33.76
FEDERAL FUND	20,268,482	24,692,776	26,041,369	5.46	28,354,825	8.88
INTER AGENCY TRANSFER	330,428	437,537	611,701	39.81	591,257	-3.34
OTHER FUND	935,983	1,366,753	1,319,893		1,319,893	.00

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
HUMAN SERVICES						
EMPLOYMENT SECURITY DIVISION						
DETR, EMPLOYMENT SECURITY - SPECIAL	1,522,453	11,157,987	23,913,010	114.31	10,093,341	-57.79
BALANCE FORWARD	-28,529	9,847,987	8,365,010	-15.06	6,445,341	-22.95
FEDERAL FUND			13,000,000		2,000,000	-84.62
OTHER FUND	1,550,982	1,310,000	2,548,000	94.50	1,648,000	-35.32
DETR, CAREER ENHANCEMENT PROGRAM	8,073,011	15,681,888	15,015,722	-4.25	14,004,133	-6.74
BALANCE FORWARD	-615,045	5,971,785	5,189,412	-13.10	3,517,823	-32.21
OTHER FUND	8,688,056	9,710,103	9,826,310	1.20	10,486,310	6.72
DETR, EMPLOYMENT SECURITY	45,637,769	55,613,104	51,044,317	-8.22	50,936,249	-21
BALANCE FORWARD	99,883	336,276		-100.00		
FEDERAL FUND	43,162,211	52,801,570	48,022,886	-9.05	48,654,912	1.32
INTER AGENCY TRANSFER	1,439,971	1,747,883	2,024,653	15.83	1,278,862	-36.84
OTHER FUND	935,704	727,375	996,778	37.04	1,002,475	.57
DETR, WELFARE TO WORK	1,754,425	2,252,082	345,913	-84.64		-100.00
GENERAL FUND	226,715					
FEDERAL FUND	1,527,710	2,252,082	345,913	-84.64		-100.00
TOTAL-EMPLOYMENT SECURITY DIVISION	56,987,658	84,705,061	90,318,962	6.63	75,033,723	-16.92
GENERAL FUND	226,715					
BALANCE FORWARD	-543,691	16,156,048	13,554,422	-16.10	9,963,164	-26.50
FEDERAL FUND	44,689,921	55,053,652	61,368,799	11.47	50,654,912	-17.46
INTER AGENCY TRANSFER	1,439,971	1,747,883	2,024,653	15.83	1,278,862	-36.84
OTHER FUND	11,174,742	11,747,478	13,371,088	13.82	13,136,785	-1.75
HUMAN SERVICES						
GENERAL FUND	488,794,300	542,753,814	654,086,077	20.51	709,987,399	8.55
BALANCE FORWARD	27,980,309	94,958,386	54,804,828	-42.29	49,183,356	-10.26
FEDERAL FUND	771,257,135	875,881,225	950,082,902	8.47	1,005,775,411	5.86
INTER AGENCY TRANSFER	212,133,973	200,098,831	187,996,535	-6.05	198,633,389	5.66
INTERIM FINANCE	901,562	496,343				
OTHER FUND	158,864,031	170,224,654	166,030,183	-2.46	169,318,293	1.98
TOTAL-HUMAN SERVICES	1,659,931,310	1,884,413,253	2,013,000,525	6.82	2,132,897,848	5.96
Less: INTER AGENCY TRANSFER	212,133,973	200,098,831	187,996,535	-6.05	198,633,389	5.66
NET-HUMAN SERVICES	1,447,797,337	1,684,314,422	1,825,003,990	8.35	1,934,264,459	5.99

PUBLIC SAFETY

The Department of Motor Vehicles, the Department of Public Safety, the Parole Board, and the Department of Corrections, constitute the Public Safety Function.

The Governor recommends General Fund appropriations for public safety of \$224.1 million for FY 2003-04, an 8.1 percent increase over FY 2002-03, and \$229.6 million for FY 2004-05, a 2.5 percent increase. Amounts recommended from all funding sources (less interagency transfers) total \$449.9 million in FY 2003-04, a 4.5 percent increase. An additional increase of 2.7 percent is recommended in FY 2004-05.

DEPARTMENT OF CORRECTIONS

The Department of Corrections is governed by the Board of Prison Commissioners, which consists of the Governor, the Attorney General, and the Secretary of State. The Governor serves as chairperson of the Board and appoints the director of the department. The department's facilities consist of nine major institutions, one restitution center, and ten conservation camps. The Executive Budget recommends General Fund support for the Department of Corrections in the amount of \$372.6 million, which is an increase of \$34.8 million (10.3 percent) over the \$337.8 million approved for the 2001-03 biennium.

The Department of Corrections' average inmate population has increased from 1,843 in FY 1980-81 to 9,944 in FY 2001-02, an increase of 8,101 inmates or an average increase of 386 inmates per year. The following table displays the actual average growth between fiscal years for 1994 through 2002 and projected 2003 through 2005.

Fiscal Year	Average Population	Increase	% Change
1994	6,140	166	2.78
1995	6,827	687	11.19
1996	7,564	737	10.80
1997	7,963	399	5.27
1998	8,658	695	8.73
1999	9,174	516	5.96
2000	9,243	69	0.75
2001	9,700	457	4.94
2002	9,944	244	2.52
2003 (a)	10,209	265	2.66
2004 (b)	10,414	205	2.00
2005 (b)	10,607	193	1.85

(a) As reflected in the November 2002 projection.

(b) As displayed in The Executive Budget for the 2003-05 biennium.

The Governor's recommended budget for the Department of Corrections is based upon the Department of Corrections' "Biennium Plan #02-03" dated August 1, 2002. Simply defined, this plan is the Department of Corrections' methodology for housing inmates over the 2003-05

biennium. The department's plan is predicated upon the population projections completed by the Institute on Crime, Justice and Corrections at George Washington University. The male and female populations were projected by the Institute in March 2002 and re-certified in November 2002.

The following table represents the assumptions used by the department for inmate housing for the 2003-05 biennium:

Facility	Description
Casa Grande Transition Housing	Phase I opens in October 2003, adding 200 minimum beds. Phase II opens in November 2004, adding 236 minimum beds.
High Desert State Prison	Unit 8A closed in November 2001 and will reopen in March 2007, adding 147 medium beds. Unit 8B opens May 2008, adding 147 medium beds.
Southern Nevada Correctional Center	Closed in September 2000 and will reopen in August 2005, adding 612 medium beds (currently being renovated – CIP 01-C2, \$4.2 million)

The Department of Corrections' budget, as recommended by the Governor for the 2003-05 biennium, includes the following:

- Casa Grande Transition Housing - The Executive Budget recommends funding to operate a new transition housing facility in Las Vegas that would facilitate inmate reentry into the community prior to the parole or discharge of their sentence. The facility would be constructed, not as part of the state capital improvement program, but by a qualified vendor through low income housing tax credits from the Housing Division. The vendor would contract with the Department of Corrections to house offenders and provide job-skill training, education, and substance abuse counseling. The Department of Corrections would be responsible for providing security at the facility. The budget recommendation includes General Fund support in the amount of \$1.2 million and \$2.2 million in FY 2003-04 and FY 2004-05 respectively, for 13 custody positions, start-up supplies, inmate driven costs, equipment, and contract costs. Funding for the contract is recommended at \$10 per day per inmate for job training, education, and substance abuse treatment. In addition, the contractor would be paid for the rental costs of the facility at \$200 per inmate per month. The rental costs would be partially offset by inmate room and board charges of \$200 per month after the first month of residence at the facility for each inmate that is working.
- Correctional Programs Division - The Executive Budget recommends the creation of a new Correctional Programs Division with responsibility for intake/assessment, counseling and treatment (including substance abuse, sex offender, mental health, developmental disabilities, and life skills), religious programs, education, special programs (youthful offender, elderly, pregnant offenders), and pre-release/reentry. The division would be administered by the existing Mental Health Coordinator position, which is recommended to be reclassified to a Correctional Programs Coordinator and transferred from the Medical Division budget to the new division. The division would provide central coordination and supervision of inmate programming services that are currently being administered by the 20 department facilities to ensure consistency among programming services and to evaluate program results. The budget recommendations

include the utilization of validated needs and risk assessment instruments upon intake to determine offenders' treatment and programming needs. The division would also be responsible for seeking additional programming resources from grants, donations, volunteer services, and community partnerships, as well as for planning and coordinating pre-release and reentry of inmates into the community by collaborating with the Parole Board, the Parole and Probation Division, and community-based programming providers.

The staffing of the new division is recommended at 55.51 FTE through a transfer of existing positions/programs within the department including the Mental Health Unit from the Medical Division (36.51 FTE), the OASIS substance abuse treatment program from Southern Desert Correctional Center (11 FTE), the Chaplain positions (4 FTE) from the institutional budgets, and the transfer of the academic teachers/literacy specialists (4 FTE) from the Inmate Welfare account. In addition, the contracted cost of the WINGS substance abuse treatment program at Warm Springs Correctional Center is recommended for transfer to the new division. The budget proposal recommends funding the literacy program positions from the General Fund upon termination of grant funding.

- Victims Services Officer – The Executive Budget recommends General Fund support in the amount of \$45,370 and \$56,671 for FY 2003-04 and FY 2004-05 respectively, for a position that will assist victims in obtaining restitution, notification of an inmate's release, and information concerning hearings they are entitled to attend. The position would interface with the Parole Board and the Parole and Probation Division to ensure offender participation in victim impact panels as these offenders reintegrate into the community.
- Grants Analyst – The Executive Budget recommends General Fund support in the amount of \$44,900 and \$56,671 for FY 2003-04 and FY 2004-05 respectively, for a position that would seek out funding opportunities and write grant proposals for the department.
- Change in Custody Level for Warm Springs Correctional Center – The Executive Budget recommends the conversion of the Warm Springs Correctional Center in Carson City from a medium custody facility to a minimum custody facility. The recommendation includes the elimination of 28 custody positions as follows: Associate Warden of Operations, 2 Correctional Lieutenants, 1 Correctional Sergeant, and 24 Correctional Officers.
- Position Eliminations – The Executive Budget recommends the elimination of 102.41 FTE positions (excluding the Medical Division) that were authorized for the 2001-03 biennium for the Department of Corrections. Included in this total are 73 Correctional Officers, 1 Correctional Sergeant, 2 Correctional Lieutenants, and 4 Correctional Caseworkers; however, the Medical Division includes the reclassification of 52 Forensic Specialists positions to Correctional Officers for an overall net reduction of 24 officer positions. The position eliminations are related in part to the conversion of the Warm Springs Correctional Center to a minimum custody facility; the closure of two housing units at Nevada State Prison that occurred in August 2002; the elimination of the canine program department-wide; and continued closure of Housing Unit #8 at High Desert

State Prison. Of the total positions eliminated, 88 FTE positions are funded through the General Fund.

- Replacement Equipment and New Equipment – Funding recommendations for the department include \$835,315 in FY 2003-04 and \$1.1 million in FY 2004-05 for replacement equipment including telephone system software upgrades for four institutions, a telephone system for Ely State Prison, a leased passenger bus for inmate transportation, five passenger vans, a department-wide leased radio communication system, walk-in freezers and coolers for three conservation camps, and a forklift. Funding recommendations for the department also include \$359,293 in FY 2003-04 and \$20,878 in FY 2004-05 for new equipment including utility carts, culinary equipment, and vehicle shop equipment.
- Pre-employment Psychological Testing – Funding is recommended in the amount of \$118,800 per year to perform psychological testing on all persons selected for hire for custody positions.

The Executive Budget includes the following recommendations related to the Medical Division:

- Reclassification of 52 forensic staff positions to custody staff classifications and the transfer of these positions to the individual institutional budget accounts. The General Fund impact of these reclassifications is an additional cost of \$292,618 in FY 2003-04 and \$262,094 in FY 2004-05.
- Change in Pharmacist positions from the Regular Classified Employee Pay Schedule to the Classified Medical Pay Schedule. The 2002 Salary and Benefits Survey prepared by the Department of Personnel indicates that the average salary for the Pharmacist positions for the state of Nevada are 20 percent below the sample of all employers surveyed in the state and approximately 7 percent below the average for all the western states.
- The elimination of 22.53 FTE positions including 1 Registered Dietitian, 3 Senior Psychiatrists, 3 Psychiatric Nurses, 13 Forensic Specialists, 1 Administrative Assistant, 1 Mid-Level Practitioner, 5 per diem Correctional Nurses, and 1 Licensed Practical Nurse. The General Fund savings would be \$1.2 million in FY 2003-04 and \$1.3 million in FY 2004-05.
- Recommended funding in the amount of \$485,451 and \$519,946 in FY 2003-04 and FY 2004-05 respectively, for inflationary increases in the costs of outside medical costs, prescription drugs, medical supplies, and medical prosthetics.
- Continued use of contracted medical services for the Ely State Prison and the Ely Conservation Camp.

Capital Improvement Requests – Capital improvements for the Department of Corrections recommended by the Governor include the following:

Project No.	Facility	Location	Total Cost	Project Description
03-M16	WSCC	Carson City	\$ 56,778	Install monitoring cameras
03-M17	NNCC	Carson City	\$ 1,167,109	Institution renovation - windows/showers
03-M18	HDSP	Indian Springs	\$ 77,154	Exercise area security improvements
03-M19	SDCC	Indian Springs	\$ 57,182	Relocate water lines near transformers
03-M20	HCC/CCC	Winnemucca/ Carlin	\$ 1,107,981	Groundwater protection projects
03-M34	LCC	Lovelock	\$ 652,280	Install water softeners
03-M35	HDSP	Indian Springs	\$ 280,376	Install heat exchanger for cooling system
03-M36	SDCC	Indian Springs	\$ 402,527	Service cooling towers
03-M37	SDCC	Indian Springs	\$ 1,151,819	Repair boiler line leaks.
03-M38	SDCC	Indian Springs	\$ 61,662	Upgrade entrance area
03-M39	Various	Various	\$ 198,581	Generator improvements
03-M40	PCC	Pioche	\$ 92,552	Repair culinary loading dock
03-M48	NSP	Carson City	\$ 178,625	Construct gun post weather enclosure
03-M49	NSP	Carson City	\$ 121,003	Replace cell doors
03-M69	NSP	Carson City	\$ 236,893	Relocate execution-last night cell
03-M70	ESP	Ely	\$ 245,904	Repair/upgrade exercise areas
03-M71	LCC	Lovelock	\$ 312,139	Repair culinary flooring
TOTAL			\$ 6,400,565	

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) provides vehicle registration, driver's licensing, motor carrier licensing, motor fuel and special fuel tax reporting, regulatory enforcement, emission control and verification of insurance functions. Senate Bill 481, approved by the 2001 Legislature, split the motor vehicle and public safety functions into two departments effective July 1, 2001. The Executive Budget recommends the following funding excluding one-shots, supplemental appropriations and interagency transfers:

Funding Source	FY 2002 Actual	FY 2003 W. P.	% Change	FY 2004 Gov. Rec.	% Change	FY 2003 Gov. Rec.	% Change
Federal Funds	\$ 4,279	\$ 3,868	-9.61%	\$ 0	-100.00%	\$ 0	0.00%
General Funds	*\$ 15,031	\$ 15,031	0.00%	\$ 22,983	52.90%	\$ 22,983	0.00%
Highway Funds	*\$27,334,963	\$43,993,332	60.94%	\$ 59,055,279	34.24%	\$ 63,803,661	8.04%
Other	\$ 42,695,599	\$39,488,124	-7.51%	\$ 50,785,039	28.61%	\$ 53,444,462	5.24%
Total	\$ 70,049,872	\$83,500,355	19.20%	\$109,863,301	31.57%	\$117,271,106	6.74%

* FY 2002 amounts reflect total net of reversions

The Executive Budget recommends the following supplemental appropriations from the Highway Fund:

Description	Amount
To fund upgrades and expansion of the toll-free telephone system	\$667,590
To fund a shortfall generated by the use of disk storage space at the Dept of Information Technology	\$308,400
To fund the anticipated shortfall in salaries and revenue in the Hearings account	\$44,200
To fund shortfalls generated by the payment of warranties for automated customer queuing systems used in field offices	\$30,419
To fund shortfalls generated from increases in non-state owned building rent for field offices	\$66,000
To fund shortfalls generated from the payment of fingerprint services for occupational and business licensees	\$49,096
To fund shortfalls generated from the payment for security guard coverage at field offices	\$125,925
Total Supplemental Appropriations	\$1,291,630

ADMINISTRATIVE SERVICES

The Administrative Services Division provides accounting, personnel, budgeting, travel arrangements, payroll warehousing, inventory control, mail services, contract management, facilities management, revenue and bad debt services to the department. The Executive Budget recommends the addition of 5 new FTE positions to provide revenue accounting support for 179 new FTE positions recommended for addition to field offices beginning in FY 2003-04. The reorganization of the Personnel unit to the Director's Office, consisting of 7 existing and 1 new position over the 2003-05 biennium is also recommended. In addition, expenditures for the security system and credit card usage are recommended for transfer from the Management Services account totaling \$2.0 million in FY 2003-04 and \$2.1 million in FY 2002-03. Total funding for the Administrative Services account is recommended to increase from \$5.8 million in FY 2002-03 to \$7.3 million in FY 2003-04 primarily due to the transfer of expenses. Funding in FY 2004-05 is recommended to increase slightly from FY 2003-04.

COMPLIANCE ENFORCEMENT

The Compliance Enforcement Division is responsible for investigations, emission control compliance and motor carrier licensing and audit functions. The Executive Budget recommends the addition of 8 FTE positions to meet existing investigative caseload demand, fraud and abuse. The consolidation of staff supporting the Occupational and Business Licensing function through the transfer of 4 FTE positions from the Central Services account and 18 FTE positions from the Field Services account is also recommended in The Executive Budget. Total funding for compliance enforcement is recommended to increase from \$1.2 million in FY 2002-03 to \$3.1 million in FY 2003-04 primarily due to the transfer of positions. Funding is recommended to increase to \$3.3 million in FY 2004-05.

FIELD SERVICES

The Field Services Division is responsible for direct customer service operations for driver's licensing and vehicle registration functions. The Executive Budget recommends the addition of one vehicle appraiser position to the Reno office to meet mandated service deadlines for appraisals. One Drive Examiner is recommended for the Fallon office to address an increasing level of volume for drive tests. The Executive Budget recommends funding of \$2.1 million to continue the kiosk pilot project approved by IFC in September 2002. In addition, The Executive Budget recommends 179 new FTE positions over the 2003-05 biennium to increase window coverage at major metropolitan field offices experiencing the highest customer volumes and excessive wait times in Las Vegas, Reno and Carson City. The Executive Budget recommends \$388,218 in FY 2003-04 and \$382,756 in FY 2004-05 to continue the policy to replace 25 percent of the computers and printers each year. Administrative expenses directly related to field office operations of \$1.0 million each fiscal year are recommended for transfer from the Management Services account. The transfer of 4 positions to provide technical support to the Automation account, 18 positions to the Compliance Enforcement account to consolidate staff supporting the Occupational and Business Licensing function, and 6 positions to the Motor Carrier account to provide consistency in the delivery of service to the Motor Carrier industry is also recommended in The Executive Budget. Total funding is recommended to increase from \$29.6 million in FY 2002-03 to \$38.1 million in FY 2003-04 and \$44.4 million in FY 2004-05.

The Governor's recommended capital improvement program (CIP) includes funding for the following (list is not all inclusive, refer to CIP section of this report for complete list):

C09 – New North Las Vegas Office	\$9,425,385
C15 – Advanced Planning & Land Acquisition	
For Office in South Reno	\$5,840,523
M32 – New Counters at East Sahara Office	\$1,125,451
M53 – Commercial Drivers License Course	
North Las Vegas	\$ 439,417

CENTRAL SERVICES

The Central Services Division provides alternative services for transacting business such as mail-in, Internet and telephone transactions for driver's license and registration renewals, the production of license plates and the safekeeping of records. The Executive Budget recommends the continuation of 2 Driver/Warehouse positions previously approved on a temporary basis by the 2001 Legislature to assist with the license plate reissue project. Two FTE positions and 1 part-time position are recommended to maintain quick turnaround times for title processing and 2 FTE positions along with the purchase of document imaging equipment is recommended to ensure compliance with internal controls and statutes regarding the collection of proceeds in the mail-in renewal section. The Executive Budget recommends the replacement of microfilm cameras with optical character recognition equipment to implement document imaging for record retention. Funding of \$350,900 is recommended each fiscal year of the 2003-05 biennium to obtain equipment to produce data mailers and license plate decals. The Executive Budget recommends the transfer of 4 positions to the Compliance Enforcement account to consolidate staff supporting the Occupational and Business Licensing function. Total funding is recommended to increase from \$9.4 million in FY 2002-03 to \$11.4 million in FY 2003-04. Funding for FY 2004-05 is recommended to decrease slightly from the FY 2003-04 level.

MANAGEMENT SERVICES

The Management Services and Programs Division is responsible for the development of policies and procedures, regulations, draft legislation, training, surveys, forms and the development of RFP's and project management. The Executive Budget recommends the addition of 6 Program Officer positions to meet increased requests for training. The transfer of \$1.0 million annually to the Field Services Account for operating and utility expenses directly related to field office operations is recommended, as well as security system and credit card usage expenses of \$2.0 million in FY 2003-04 and \$2.1 million in FY 2004-05 for transfer to the Administrative Services account. Total funding for Management Services is recommended to decrease from \$5.4 million in FY 2002-03 to \$2.5 million in FY 2003-04 due to the transfer out of expenses. Funding is recommended to increase slightly to \$2.6 million in FY 2004-05.

MOTOR CARRIER

The Motor Carrier Section collects special fuel taxes, registration fees, and Government Service tax for vehicles in excess of 26,000 pounds. Legislation passed during the 1999 Session (AB 584) transferred the collection of excise tax on gasoline from the Department of Taxation effective January 1, 2002. The Executive Budget recommends the addition of 1 Management Analyst position to analyze revenues and provide program support. The transfer of 6 positions is recommended from the Field Services account to provide consistency in the delivery of service

to the Motor Carrier industry. Total funding is recommended to increase from \$3.2 million in FY 2002-03 to \$4.0 million in FY 2003-04 and \$4.1 million in FY 2004-05.

VERIFICATION OF INSURANCE

The department administers the program for verification of liability insurance for motor vehicles registered in Nevada. The program is funded by fees collected to reinstate suspended vehicle registrations. Fees in excess of program costs are reverted to the Highway Fund. The Executive Budget recommends the addition of 2 positions to increase output of insurance verification cards to the public. Total funding is recommended to increase from \$4.4 million in FY 2002-03 to \$10.8 million in each fiscal year of the 2003-05 biennium. Included in the total funding are estimated reversions to the Highway Fund of \$2.2 million in FY 2002-03 and \$8.5 million in each fiscal year of the 2003-05 biennium.

MOTOR VEHICLE POLLUTION CONTROL

The Motor Vehicle Pollution Control account is responsible for assisting with efforts to improve the air quality in counties with a population of 100,000 or more. This account generates the majority of its revenue through the \$5 fee charged for every vehicle that receives a smog certificate in parts of Clark and Washoe counties. By law, grants to agencies in a county must be made from one-fifth of the amount received for each form issued in the county and money in excess of \$500,000 remaining in the Pollution Control account at the end of each fiscal year. The Executive Budget recommends an increase in the fee for the smog certificate from \$5 to \$7 beginning July 1, 2003, resulting in additional revenue of \$2.5 million in FY 2003-04 and \$2.6 million in FY 2004-05. One-half of the proceeds (\$1.3 million per year) generated through this increase are recommended for distribution to Clark and Washoe counties. Remaining proceeds are recommended for transfer to the Division of Environmental Protection and the Department of Agriculture (approximately \$746,000 in FY 2003-04 and \$1 million in FY 2004-05) with the balance to the Pollution Control reserve. The Executive Budget recommends the accumulation of \$800,000 per year in separate reserves to allow sufficient funds for the construction of a petroleum lab for the Department of Agriculture and a DMV emissions lab in Las Vegas. One new Compliance Enforcement Investigator is recommended in Washoe County to expand the heavy-duty diesel vehicle Surface Street Enforcement program.

AUTOMATION

The Motor Vehicle Information Technology Division provides data processing support for the Department of Motor Vehicles. The division maintains the application system, the necessary infrastructure to the systems data, and provides technical and operating support. The 2001 Legislature approved the addition of 11 new Information System Specialists and the continuation of 3 positions from the Project Genesis development team through the end of the 2001-03 biennium. The Executive Budget recommends the continuation of these 14 positions in the 2003-05 biennium. Funding for a central storage device for the web servers, data warehouse and imaged documents is also recommended. An enhanced telecommunications system is recommended for funding to meet an increase in the volume of calls received as well as an upgrade to the Interactive Voice Response system. Four positions are recommended for transfer from the Field Services account that provide assistance to system users and one position is recommended for transfer from the Record Search account to provide clerical support. Total

funding is recommended to increase from \$7.6 million in FY 2002-03 to \$10.1 million in FY 2003-04 and \$9.3 million in FY 2004-05.

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety consists of the Nevada Highway Patrol, Nevada Division of Investigations, Capitol Police, Parole and Probation, Emergency Management, Fire Marshal, Capitol Police, Training Administrative Services, the Office of Traffic Safety, Parole Board, the Drug Commission, and the State Emergency Response Commission.

TECHNOLOGY DIVISION

This budget account centralizes computer-related operations within the Department of Public Safety to achieve program integrity. The account is funded by transfers from user agencies in the Public Safety branch of the department. The Executive Budget recommends funding for 9 new computing support positions to support the development and implementation of an Integrated Records Information System (IRIS): 3 Programmers to support planned enhancements and maintenance for the Parole and Probation information system, 1 Programmer to address the division's information technology security needs, 1 Computer System Specialist, 3 Network Specialists and 1 Administrative Aid position to assume the responsibilities associated with the department's accounting, billings and budget processing duties.

Total funding, consisting of allocations to other budgets within the department is recommended to increase from \$4.7 million in FY 2002-03 to \$5.8 million in FY 2003-04 and \$6.0 million in FY 2004-05.

DIVISION OF EMERGENCY MANAGEMENT

The Division of Emergency Management consists of one account that is jointly funded by a General Fund appropriation and federal grants. The Executive Budget recommends General Fund appropriations for FY 2003-04 to increase 17.4 percent compared to FY 2002-03. An additional 1.0 percent increase is recommended for FY 2004-05. The federal Emergency Management program began requiring a 50 percent cash match in FY 1999-2000. The 2001 Legislature approved the consolidation of the Emergency Management Assistance account, a pass-through account of federal funds to local agencies, into the Emergency Management account.

CRIMINAL HISTORY REPOSITORY

The Criminal History Repository (CHR) maintains a record of all persons arrested in Nevada for crimes that meet reporting criteria, supports a state wants/warrants system, processes background checks of handguns sales in accordance with federal regulations (Brady Bill), and performs fingerprint checks. As a result of legislation approved by the 1997 Legislature, the repository also maintains the state's sex offender registry and the statewide protective order registry. The repository is funded through court assessments and fees charged for civil (employment) criminal history checks and background checks for guns and rifles. The 2001 Legislature approved the transfer of the sex offender registry program (5.0 FTE) from the Division of Parole and Probation.

The Executive Budget estimates increased administrative assessments of \$982,014 in FY 2003-04 and \$1.0 million in FY 2004-05 from revenue generated from an increase in the administrative assessment of \$9.80; 49 percent of which would be eligible for distribution to Executive Branch functions identified in NRS 176.059.

Total funding is recommended to increase from \$9.3 million in FY 2002-03 to \$10.4 million in FY 2003-04 and \$11.1 million in FY 2004-05 to support the operations of the CHR over the 2003-05 biennium.

NEVADA HIGHWAY PATROL

The Highway Patrol enforces the traffic laws of the state, investigates traffic accidents, enforces and regulates motor carriers transporting cargo and hazardous materials, and maintains and operates the message switcher to process criminal justice information. The Executive Budget recommends one new Budget Analyst position to improve oversight of the division's four budget accounts. Ten new dispatch positions are recommended for the southern command in Las Vegas to provide 24/7 coverage for an additional dispatch console. The Executive Budget also recommends the reduction of 8 trooper positions vacant for more than six months.

The 1999 Legislature approved the construction of a new building in Las Vegas to house southern operations of the Highway Patrol (99-HI; \$10.8 million). The Executive Budget recommends a Highway Fund appropriation of \$1.0 million in the Highway Patrol Budget to provide for furniture, equipment and additional network and telecommunication wiring for this facility. The 2003 CIP, as recommended by the Governor, also provides \$563,305 (03-C08) to add 3,400 square feet of shop storage and office space to the new facility.

A Highway Fund appropriation of \$800,000 is recommended to provide extenders to improve the operation of hand-held radios purchased under the VHF Highband project approved by the Legislature in 1999.

Funding for replacement equipment of \$2.4 million in FY 2003-04 and \$2.2 million in FY 2004-05 is recommended, with the largest replacement item being vehicles at \$1.9 million in FY 2003-04 and \$1.7 million in FY 2004-05. Total funding is recommended to increase from \$48.5 million in FY 2002-03 to \$55.5 million in FY 2003-04 and \$54.5 million in FY 2004-05.

DIVISION OF INVESTIGATIONS

The Division of Investigations provides criminal and controlled substance investigation services to the state, county and local law enforcement agencies on request. The Executive Budget recommends elimination of 23 FTE positions, with a corresponding reduction of General Funds of \$1.7 million in each fiscal year of the 2003-05 biennium. Based on the elimination of narcotics and criminal investigation services that are currently provided in the major population centers such as Reno and Las Vegas The Executive Budget recommends General Fund appropriations of \$4.4 million in each fiscal year of the 2003-05 biennium to continue providing criminal and narcotics investigative services to rural agencies and to support internal department investigations.

NARCOTICS CONTROL

The Narcotics Control Task Forces are funded with federal Byrne Grant funds and matched with state forfeiture funds. The Executive Budget recommends elimination of Narcotics Control Task Forces statewide. The balance of forfeiture funds reflected in The Executive Budget at the end of the 2003-05 biennium, resulting from this recommendation, totals \$1.3 million

PAROLE AND PROBATION

The mission of the Parole and Probation Division is to monitor and enforce offender compliance with the conditions of their community supervision, assist offenders in successfully reintegrating into society, and to ensure objective sentencing information and recommendations to the District Courts of Nevada. The Executive Budget recommends total funding for the Parole and Probation Division in the amount of \$69.4 million for the 2003-05 biennium, an increase of 13.9 percent when compared to the funding approved for the 2001-03 biennium. Included in these amounts are the General Fund appropriations for the division, which total \$63.9 million for the 2003-05 biennium, an increase of 16.1 (\$8.9 million) percent when compared to funding approved for the 2001-03 biennium. This increase primarily supports the funding of positions that were frozen during the 2001-03 biennium, and the cost of the fringe benefits package recommended by the Governor (\$2.2 million).

The number of parolees and probationers supervised by the division drives the division's workload. The following table represents the actual monthly average workload for the division from FY 1995-96 through FY 2001-02:

	ACTUAL						
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
<u>Caseload</u>							
Pre-sentence Investigations	764	811	869	824	814	893	895
Intensive Supervision Unit	898	1,025	1,068	1,056	1,257	1,441	1,291
Supervision	8,296	8,794	9,086	9,454	9,321	9,650	9,980
<u>Percentage Change</u>							
Pre-sentence Investigations	-1.15%	6.12%	7.23%	-5.20%	-1.21%	9.73%	0.18%
Intensive Supervision Unit	7.55%	14.11%	4.15%	-1.06%	19.05%	14.64%	-10.45%
Supervision	3.15%	6.00%	3.32%	4.06%	-1.41%	3.52%	3.42%

Historically, Parole and Probation has used the actual caseloads and projected caseloads to request additional positions. New sworn officer positions for the division were last approved during the 1999 Session for the 1999-2001 biennium. The Executive Budget for the 2003-05 biennium does not recommend any new staff. The budget proposal includes funding reductions totaling \$1.3 million in FY 2003-04 and \$1.4 million in FY 2004-05 including the elimination of 22 positions. Five of these positions are sworn officer positions. The budget reductions also reflect decreases in funding for in-state travel, drug testing, residential confinement, community service, staff training, and parolee/probationer absconder returns. The budget recommendations also reflect the continued closure of two offices that were closed in FY 2002-03.

Funding the continuation of programs for the treatment of the abuse of alcohol and controlled substances in the Second and Eighth Judicial District Courts at a total cost of \$1.0 million is

recommended over the 2003-05 biennium. The cost of this program has historically been funded with one-shot funds.

FIRE MARSHAL

The activities and functions of the state Fire Marshal are funded through a combination of fees for plan reviews and license fees from the fire protection industry. The Executive Budget recommends General Fund appropriations of \$1.4 million in FY 2003-04 and \$1.5 million in FY 2004-05 to restore 9 FTE positions eliminated in the base budget, and to add 22 FTE new positions (15 positions in FY 2003-04 and 7 positions in FY 2004-05). The new positions include 11 Deputy State Fire Marshals to perform facility inspections, a Grants and Project Analyst, 3 Training Officers, and 6 administrative and support staff. These new positions are based on recommendations included in a study of the operation of the State Fire Marshal's Office conducted by Nevada State Board of Fire Services in April 2002. In addition, The Executive Budget recommends consolidation of the Hazardous Materials Training Center budget with the Fire Marshal's Office budget. Although not a direct recommendation of the Board, the department indicates that the skill sets and functions within each budget are similar enough that by merging the two accounts, the agency will be able to more effectively cross-utilize the available skills and resources that exist within the two budget accounts. The Executive Budget does not recommend any major increase in resources for the Hazardous Materials Training Center functions.

PAROLE BOARD

The Parole Board consists of six members and a chairman and was established to provide parole hearings and conduct revocation hearings for persons accused of violating parole. To assist the board in meeting hearing requirements, NRS 213.133 permits the board to appoint and utilize hearing representatives who hear, consider, and act upon applications subject to final approval of a majority of the board members.

The Parole Board is supported entirely by a General Fund appropriation. The Executive Budget recommends appropriations in the amount of \$2.5 million over the 2003-05 biennium, an increase of 12.4 percent from the funding approved for the 2001-03 biennium. Included in the proposed budget is funding for the purchase and operation of a video conferencing system to conduct parole hearings.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
DEPARTMENT OF PRISONS						
NDOC DIRECTOR'S OFFICE	11,378,950	12,538,699	12,901,154	2.89	13,326,422	3.30
GENERAL FUND	9,146,861	10,478,742	12,738,086	21.56	13,220,567	3.79
BALANCE FORWARD	-7,305	31,717	-100.00		2,079	
FEDERAL FUND	1,988,429	1,826,660	-100.00			
INTER AGENCY TRANSFER	67,168	26,046	84,292	223.63	25,000	-70.34
OTHER FUND	183,797	175,534	78,776	-55.12	78,776	
CORRECTIONAL PROGRAMS			4,386,956		4,486,052	2.26
GENERAL FUND			3,188,632		3,258,631	2.20
INTER AGENCY TRANSFER			1,193,324		1,222,421	2.44
OTHER FUND			5,000		5,000	
PRISON MEDICAL CARE	31,654,881	32,010,932	27,342,158	-14.58	27,549,110	.76
GENERAL FUND	29,669,605	30,110,254	26,280,452	-12.72	26,487,404	.79
INTER AGENCY TRANSFER	1,809,819	1,648,779	978,871	-40.63	978,871	
OTHER FUND	175,457	251,899	82,835	-67.12	82,835	
PRISON WAREHOUSE FUND		8,895,702	-100.00			
OTHER FUND		8,895,702	-100.00			
OFFENDERS' STORE FUND	10,918,025	13,547,016	12,239,483	-9.65	12,007,123	-1.90
BALANCE FORWARD	429,319	1,178,431	1,103,667	-6.34	918,977	-16.73
INTER AGENCY TRANSFER		35	-100.00			
OTHER FUND	10,488,706	12,368,550	11,135,816	-9.97	11,088,146	-4.3
INMATE WELFARE ACCOUNT	3,212,733	4,273,972	3,618,433	-15.34	3,420,874	-5.46
BALANCE FORWARD	71,468	515,665	753,256	46.07	613,840	-18.51
FEDERAL FUND	331,896	392,629	56,395	-85.64		-100.00
INTER AGENCY TRANSFER	2,414,222	2,836,841	2,400,000	-15.40	2,400,000	
OTHER FUND	395,147	528,837	408,782	-22.70	407,034	-4.3
SOUTHERN NEVADA CORRECTIONAL CE	303,479	452,521	366,969	-18.91	365,356	-4.4
GENERAL FUND	420,222	452,521	366,969	-18.91	365,356	-4.4
INTER AGENCY TRANSFER	-117,000					
OTHER FUND	257					
WARM SPRINGS CORRECTIONAL CENTE	7,029,813	6,746,748	6,293,132	-6.72	6,428,493	2.15
GENERAL FUND	6,788,173	6,705,121	6,271,503	-6.47	6,406,909	2.16
INTER AGENCY TRANSFER	87,082	31,975	-100.00			
INTERIM FINANCE	96,388					
OTHER FUND	58,170	9,652	21,629	124.09	21,584	-2.1
SOUTHERN NEVADA WOMEN'S CORREC	10,175,811	11,640,640	8,240,798	-29.21	8,484,733	2.96
GENERAL FUND	10,683,948	11,501,047	8,104,766	-29.53	8,348,894	3.01
INTER AGENCY TRANSFER	-591,801	47,621	18,978	-60.15	18,978	
OTHER FUND	83,664	91,972	117,054	27.27	116,861	-1.6

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
NORTHERN NEVADA CORRECTIONAL CE	15,871,958	14,667,182	18,996,765	29.52	19,006,244	.05
GENERAL FUND	14,827,425	14,303,757	18,688,812	30.66	18,698,422	.05
INTER AGENCY TRANSFER	358,602	4,005		-100.00		
INTERIM FINANCE	302,066					
OTHER FUND	383,865	359,420	307,953	-14.32	307,822	-.04
NEVADA STATE PRISON	13,827,067	13,193,825	13,524,145	2.50	13,753,042	1.69
GENERAL FUND	13,538,649	13,152,553	13,441,364	2.20	13,670,368	1.70
INTER AGENCY TRANSFER	-15,883	-31,975		-100.00		
INTERIM FINANCE	173,516					
OTHER FUND	130,785	73,247	82,781	13.02	82,674	-.13
SOUTHERN DESERT CORRECTIONAL CE	15,722,847	15,561,961	16,657,454	7.04	16,810,320	.92
GENERAL FUND	15,492,546	14,914,841	16,467,764	10.41	16,620,874	.93
INTER AGENCY TRANSFER	-183,995	495,220		-100.00		
INTERIM FINANCE	208,918					
OTHER FUND	205,378	151,900	189,690	24.88	189,446	-.13
ELY STATE PRISON	20,190,252	20,407,631	21,340,183	4.57	22,131,324	3.71
GENERAL FUND	20,081,367	20,366,691	21,280,472	4.49	22,071,662	3.72
INTER AGENCY TRANSFER	2,951	2,759		-100.00		
OTHER FUND	105,934	38,181	59,711	56.39	59,662	-.08
HIGH DESERT STATE PRISON	22,442,411	26,194,333	24,656,371	-5.87	25,192,671	2.18
GENERAL FUND	21,734,933	22,123,655	24,522,364	10.84	25,059,284	2.19
FEDERAL FUND		1,479,000		-100.00		
INTER AGENCY TRANSFER	296,118	-222,354		-100.00		
INTERIM FINANCE	258,141					
OTHER FUND	153,219	2,814,032	134,007	-95.24	133,387	-.46
LOVELOCK CORRECTIONAL CENTER	17,094,801	17,086,528	18,945,610	10.88	19,514,040	3.00
GENERAL FUND	16,597,452	17,009,361	18,842,138	10.78	19,410,602	3.02
INTER AGENCY TRANSFER	-70,000					
INTERIM FINANCE	454,303					
OTHER FUND	113,046	77,167	103,472	34.09	103,438	-.03
CASA GRANDE TRANSITION HOUSING			1,424,730		2,742,951	92.52
GENERAL FUND			1,237,765		2,228,278	80.02
OTHER FUND			186,965		514,673	175.28
RESTITUTION CENTER-NORTH	818,202	802,939	935,988	16.57	921,864	-1.51
GENERAL FUND	306,449	303,889	478,615	57.50	464,491	-2.95
INTER AGENCY TRANSFER	12,000					
INTERIM FINANCE	9,977					
OTHER FUND	489,776	499,050	457,373	-8.35	457,373	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
STEWART CONSERVATION CAMP	1,316,380	1,229,092	1,445,839	17.63	1,431,905	-0.96
GENERAL FUND	1,165,267	1,169,346	1,362,207	16.49	1,348,273	-1.02
INTER AGENCY TRANSFER	37,600					
INTERIM FINANCE	28,593					
OTHER FUND	84,920	59,746	83,632	39.98	83,632	
PIOCHE CONSERVATION CAMP	1,217,846	1,209,331	1,358,438	12.33	1,386,599	2.07
GENERAL FUND	1,216,949	1,182,112	1,326,773	12.24	1,354,934	2.12
INTER AGENCY TRANSFER	-40,000					
INTERIM FINANCE	-1,038					
OTHER FUND	41,935	27,219	31,665	16.33	31,665	
INDIAN SPRINGS CONSERVATION CAMP	1,548,802	1,634,999	1,857,985	13.64	1,879,166	1.14
GENERAL FUND	1,213,466	1,123,281	1,839,412	63.75	1,860,593	1.15
INTER AGENCY TRANSFER	301,397	502,169		-100.00		
INTERIM FINANCE	5,564					
OTHER FUND	28,375	9,549	18,573	94.50	18,573	
WELLS CONSERVATION CAMP	927,135	925,716	1,022,369	10.44	1,070,395	4.70
GENERAL FUND	903,020	911,625	1,002,621	9.98	1,050,647	4.79
INTERIM FINANCE	4,762					
OTHER FUND	19,353	14,091	19,748	40.15	19,748	
HUMBOLDT CONSERVATION CAMP	950,509	961,442	1,023,092	6.41	1,058,857	3.50
GENERAL FUND	920,889	945,117	999,683	5.77	1,035,448	3.58
INTERIM FINANCE	6,835					
OTHER FUND	22,785	16,325	23,409	43.39	23,409	
ELY CONSERVATION CAMP	1,012,386	949,338	1,078,806	13.64	1,117,383	3.58
GENERAL FUND	981,903	935,773	1,060,852	13.37	1,099,429	3.64
INTER AGENCY TRANSFER	7,499					
INTERIM FINANCE	5,389					
OTHER FUND	17,595	13,565	17,954	32.36	17,954	
JEAN CONSERVATION CAMP	1,155,840	1,208,697	1,350,659	11.75	1,379,801	2.16
GENERAL FUND	1,188,913	1,199,141	1,322,455	10.28	1,351,714	2.21
INTER AGENCY TRANSFER	-80,499					
INTERIM FINANCE	15,716					
OTHER FUND	31,710	9,556	28,204	195.14	28,087	-0.41
SILVER SPRINGS CONSERVATION CAMP	1,018,021	945,224	1,109,187	17.35	1,127,618	1.66
GENERAL FUND	970,009	933,066	1,098,322	17.71	1,116,850	1.69
INTERIM FINANCE	20,839					
OTHER FUND	27,173	12,158	10,865	-10.63	10,768	-0.89
CARLIN CONSERVATION CAMP	1,010,702	972,863	1,081,802	11.20	1,102,431	1.91
GENERAL FUND	970,112	958,722	1,055,649	10.11	1,076,278	1.95
INTERIM FINANCE	15,134					
OTHER FUND	25,456	14,141	26,153	84.94	26,153	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
TONOPAH CONSERVATION CAMP	906,910	912,480	1,035,738	13.51	1,029,263	-63
GENERAL FUND	880,727	897,694	1,021,802	13.83	1,015,327	-63
INTERIM FINANCE	12,247					
OTHER FUND	13,936	14,786	13,936	-5.75	13,936	
PRISON INDUSTRY	5,216,629	8,171,450	7,415,975	-9.25	7,283,947	-1.78
BALANCE FORWARD	362,380	1,126,389	1,566,366	39.06	978,338	-37.54
INTER AGENCY TRANSFER		50,000	50,000		50,000	
OTHER FUND	4,854,249	6,995,061	5,799,609	-17.09	6,255,609	7.86
PRISON DAIRY	1,138,075	1,237,680	1,469,440	18.73	1,613,767	9.82
BALANCE FORWARD	281,519	106,689	138,904	30.20	319,711	130.17
INTER AGENCY TRANSFER	150,000					
OTHER FUND	706,556	1,130,991	1,330,536	17.64	1,294,056	-2.74
TOTAL-DEPARTMENT OF PRISONS	198,060,465	218,378,941	213,119,659	-2.41	217,621,751	2.11
GENERAL FUND	169,698,885	171,678,309	183,999,478	7.18	188,621,235	2.51
BALANCE FORWARD	1,137,381	2,958,891	3,562,193	20.39	2,832,945	-20.47
FEDERAL FUND	2,320,325	3,698,289	56,395	-98.48		-100.00
INTER AGENCY TRANSFER	4,445,280	5,391,121	4,725,465	-12.35	4,695,270	-64
INTERIM FINANCE	1,617,350					
OTHER FUND	18,841,244	34,652,331	20,776,128	-40.04	21,472,301	3.35

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
DEPARTMENT OF MOTOR VEHICLES						
DMV, COMPLIANCE ENFORCEMENT	1,297,124	1,246,277	3,054,127	145.06	3,286,306	7.60
HIGHWAY FUND	1,366,576	1,335,615	2,784,414	108.47	2,959,517	6.29
INTER AGENCY TRANSFER	-69,492	-89,338	41,541	-146.50	42,441	2.17
OTHER FUND	40		228,172		284,348	24.62
DMV, CENTRAL SERVICES	10,793,394	9,390,682	11,380,251	21.19	11,104,240	-2.43
BALANCE FORWARD	1,905,179	320,453		-100.00		
HIGHWAY FUND	7,798,900	7,825,797	10,170,774	29.96	9,828,829	-3.36
INTER AGENCY TRANSFER	55,470	203,604	64,530	-68.31	65,878	2.09
OTHER FUND	1,033,845	1,040,828	1,144,947	10.00	1,209,533	5.64
DMV - MANAGEMENT SERVICES	4,167,819	5,372,601	2,526,950	-52.97	2,555,857	1.14
BALANCE FORWARD	19,460					
HIGHWAY FUND	3,792,373	5,027,359	2,204,381	-56.15	2,226,786	1.02
INTER AGENCY TRANSFER	355,741	345,242	322,569	-6.57	329,071	2.02
OTHER FUND	245					
DMV, HEARINGS	752,053	800,408	965,309	20.60	975,857	1.09
HIGHWAY FUND	749,867	796,348	963,123	20.94	973,671	1.10
OTHER FUND	2,186	4,060	2,186	-46.16	2,186	
DMV, AUTOMATION	7,727,701	7,607,902	10,128,201	33.13	9,297,645	-8.20
HIGHWAY FUND	7,042,401	7,431,342	9,925,248	33.56	9,094,692	-8.37
INTER AGENCY TRANSFER	240,513	154,513	136,292	-11.79	136,292	
INTERIM FINANCE	377,089					
OTHER FUND	67,698	22,047	66,661	202.36	66,661	
DMV, FIELD SERVICES	28,688,770	29,635,091	38,107,188	28.59	44,388,740	16.48
GENERAL FUND	15,031	15,031	22,983	52.90	22,983	
HIGHWAY FUND	12,994,299	14,169,919	21,205,149	49.65	26,714,593	25.98
INTER AGENCY TRANSFER	-11,076	-21,286	14,796	-169.51	14,796	
INTERIM FINANCE	7,953					
OTHER FUND	15,682,563	15,471,427	16,864,260	9.00	17,636,368	4.58
DMV, RECORDS SEARCH	882,011	6,423,383	7,287,320	13.45	7,591,287	4.17
BALANCE FORWARD	50,000	50,000	50,000		50,000	
HIGHWAY FUND	-5,820,297					
OTHER FUND	6,652,308	6,373,383	7,237,320	13.56	7,541,287	4.20
DMV, MOTOR CARRIER	3,016,112	3,194,874	3,978,644	24.53	4,091,075	2.83
BALANCE FORWARD	761					
FEDERAL FUND	4,279	3,868		-100.00		
HIGHWAY FUND	2,121,473	2,183,931	2,779,977	27.29	2,842,306	2.24
INTER AGENCY TRANSFER	41,932					
OTHER FUND	847,667	1,007,075	1,198,667	19.02	1,248,769	4.18

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
DMV, VERIFICATION OF INSURANCE	1,646,185	4,428,753	10,847,997	144.94	10,847,997	
BALANCE FORWARD	1,000,000	500,000	500,000		500,000	
HIGHWAY FUND	-7,833,558					
OTHER FUND	8,479,743	3,928,753	10,347,997	163.39	10,347,997	
DMV, MOTOR VEHICLE POLLUTION CON	5,190,777	8,792,272	11,100,820	26.26	12,482,706	12.45
BALANCE FORWARD	-696,587	2,613,341	2,180,644	-16.56	3,292,918	51.01
OTHER FUND	5,887,364	6,178,931	8,920,176	44.36	9,189,788	3.02
DMV, SALVAGE WRECKERS/BODY SHOP	141,975	532,877	529,640	-.61	517,558	-2.28
BALANCE FORWARD	-10,289	381,937	377,376	-1.19	365,294	-3.20
OTHER FUND	152,264	150,940	152,264	.88	152,264	
DMV, ADMINISTRATIVE SERVICES	5,622,164	5,841,360	7,306,241	25.08	7,462,240	2.14
BALANCE FORWARD	436,070					
HIGHWAY FUND	4,196,070	4,175,885	5,648,585	35.27	5,761,904	2.01
INTER AGENCY TRANSFER	189,984	220,526	143,287	-35.02	143,287	
OTHER FUND	800,040	1,444,949	1,514,369	4.80	1,557,049	2.82
DMV, DIRECTOR'S OFFICE	978,648	1,210,341	3,403,852	181.23	3,431,587	.81
HIGHWAY FUND	926,859	1,047,136	3,373,628	222.18	3,401,363	.82
INTER AGENCY TRANSFER	51,789	163,205	30,224	-81.48	30,224	
TOTAL-DEPARTMENT OF MOTOR VEHICL	70,904,733	84,476,821	110,616,540	30.94	118,033,095	6.70
GENERAL FUND	15,031	15,031	22,983		22,983	.00
BALANCE FORWARD	2,704,594	3,865,731	3,108,020	-19.60	4,208,212	35.40
FEDERAL FUND	4,279	3,868				.00
HIGHWAY FUND	27,334,963	43,993,332	59,055,279	34.24	63,803,661	8.04
INTER AGENCY TRANSFER	854,861	976,466	753,239	-22.86	761,989	1.16
INTERIM FINANCE	385,042					
OTHER FUND	39,605,963	35,622,393	47,677,019	33.84	49,236,250	3.27

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
DEPARTMENT OF PUBIC SAFETY						
PUBLIC SAFETY, HIGHWAY SAFETY GRA	1,511,265	2,208,470	2,238,615	1.36	1,444,231	-35.49
BALANCE FORWARD	-16,637	19,650	-100.00			
FEDERAL FUND	1,527,902	2,188,820	2,238,615	2.27	1,444,231	-35.49
DIRECTOR'S OFFICE - PUBLIC SAFETY	1,524,763	1,541,190	1,926,958	25.03	1,935,969	.47
INTER AGENCY TRANSFER	1,524,763	1,540,958	1,926,958	25.05	1,935,969	.47
OTHER FUND		232	-100.00			
PUBLIC SAFETY - OFFICE OF PROF RESI	272,699	307,840	342,786	11.35	341,850	-.27
HIGHWAY FUND		6,053	-100.00			
INTER AGENCY TRANSFER	272,699	301,787	342,786	13.59	341,850	-.27
EMERGENCY RESPONSE COMMISSION	778,743	1,154,863	1,228,947	6.41	1,193,747	-2.86
BALANCE FORWARD	68,729	425,568	437,344	2.77	400,478	-8.43
FEDERAL FUND	114,048	78,995	114,048	44.37	114,048	
HIGHWAY FUND	188,375	202,410	284,320	40.47	285,986	.59
INTER AGENCY TRANSFER	29,356		15,000		15,000	
OTHER FUND	378,235	447,890	378,235	-15.55	378,235	
PUBLIC SAFETY, JUSTICE GRANT	603,144	5,463,173	521,985	-90.45	536,236	2.73
GENERAL FUND	76,185	81,014	127,193	57.00	130,905	2.92
BALANCE FORWARD	-2,869	3,060	-100.00			
INTER AGENCY TRANSFER	345,279	349,894	394,792	12.83	405,331	2.67
OTHER FUND	184,549	5,029,205	-100.00			
PUBLIC SAFETY, DRUG COMMISSION	76,970	89,260	80,776	-9.50	81,666	1.10
GENERAL FUND	53,164	53,931	54,708	1.44	55,667	1.75
BALANCE FORWARD	-6,327	7,714	-100.00			
FEDERAL FUND	7,500	2,500	-100.00			
INTER AGENCY TRANSFER	22,633	25,115	26,068	3.79	25,999	-.26
PUBLIC SAFETY, JUSTICE ASSISTANCE /	5,709,606	7,912,861	5,137,141	-35.08	5,137,141	
BALANCE FORWARD	-10,957	11,049	-100.00			
FEDERAL FUND	5,720,563	7,901,812	4,952,592	-37.32	4,952,592	
OTHER FUND			184,549		184,549	
PUBLIC SAFETY - ADMINISTRATIVE SER	1,441,825	1,610,904	1,463,529	-9.15	1,494,557	2.12
INTER AGENCY TRANSFER	1,441,669	1,610,904	1,463,529	-9.15	1,494,557	2.12
OTHER FUND	156					
PUBLIC SAFETY TECHNOLOGY DIVISION	5,163,814	4,673,953	5,788,201	23.84	5,975,471	3.24
BALANCE FORWARD	1,701					
INTER AGENCY TRANSFER	5,162,113	4,673,953	5,788,201	23.84	5,975,471	3.24
PUBLIC SAFETY - CAPITOL POLICE	1,628,363	1,712,663	1,906,347	11.31	1,955,629	2.59
INTER AGENCY TRANSFER	1,628,363	1,712,663	1,906,347	11.31	1,955,629	2.59

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
PUBLIC SAFETY, HIGHWAY PATROL	50,120,879	49,678,685	55,468,700	11.65	54,540,270	-1.67
GENERAL FUND	36,388	36,388	36,388		36,388	
BALANCE FORWARD	-7,512	41,419	13,870	-66.51		-100.00
FEDERAL FUND	219,646					
HIGHWAY FUND	49,039,973	48,772,147	54,970,577	12.71	54,050,418	-1.67
INTER AGENCY TRANSFER	292,792	355,037	75,772	-78.66	76,064	.39
OTHER FUND	539,592	473,694	372,093	-21.45	377,400	1.43
PUBLIC SAFETY, CRIMINAL HISTORY REI	8,240,060	9,326,864	10,429,799	11.83	11,083,409	6.27
GENERAL FUND	245,520					
BALANCE FORWARD	-204,395	307,635	640,354	108.15	1,129,491	76.39
INTER AGENCY TRANSFER	182,748	168,183		-100.00		
OTHER FUND	8,016,187	8,851,046	9,789,445	10.60	9,953,918	1.68
PS, DIGNITARY PROTECTION	616,610	615,342	681,299	10.72	694,450	1.93
GENERAL FUND	616,610	615,342	681,299	10.72	694,450	1.93
PUBLIC SAFETY, FORFEITURES - LAW EN	1,166,325	1,535,507	1,136,316	-26.00	1,363,110	19.96
BALANCE FORWARD	880,675	1,021,476	850,666	-16.72	1,077,460	26.66
OTHER FUND	285,650	514,031	285,650	-44.43	285,650	
PUBLIC SAFETY, DIVISION OF INVESTIG/	6,038,056	5,585,834	4,680,966	-16.20	4,703,270	.48
GENERAL FUND	5,390,420	5,309,855	4,359,239	-17.90	4,377,611	.42
HIGHWAY FUND	228,116	222,018	269,542	21.41	273,474	1.46
INTER AGENCY TRANSFER	355,335					
OTHER FUND	64,185	53,961	52,185	-3.29	52,185	
PUBLIC SAFETY, NARCOTICS CONTROL	1,568,011	1,628,983		-100.00		
BALANCE FORWARD	-7,681					
FEDERAL FUND	20,000	18,000		-100.00		
INTER AGENCY TRANSFER	1,541,339	1,610,983		-100.00		
OTHER FUND	14,353					
PUBLIC SAFETY, HIGHWAY SAFETY PLAI	864,005	1,453,098	1,321,343	-9.07	1,158,358	-12.33
BALANCE FORWARD	-49,924	109,782		-100.00		
FEDERAL FUND	53,927	506,376	261,641	-48.33	81,129	-68.99
HIGHWAY FUND	137,710	148,515	175,553	18.21	178,197	1.51
INTER AGENCY TRANSFER	720,451	688,425	884,149	28.43	899,032	1.68
OTHER FUND	1,841					
PUBLIC SAFETY, TRAFFIC SAFETY	2,605,009	1,717,256	2,579,271	50.20	2,588,108	.34
BALANCE FORWARD	-3,083	3,914		-100.00		
FEDERAL FUND	2,608,092	1,713,342	2,579,271	50.54	2,588,108	.34
PUBLIC SAFETY, BICYCLE SAFETY PROC	169,159	181,430	160,818	-11.36	154,499	-3.93
BALANCE FORWARD	25,533	37,823	17,192	-54.55	10,873	-36.76
OTHER FUND	143,626	143,607	143,626	.01	143,626	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
PUBLIC SAFETY, MOTORCYCLE SAFETY	214,721	496,592	446,846	-10.02	414,833	-7.16
BALANCE FORWARD	-41,758	246,915	197,067	-20.19	165,054	-16.24
INTER AGENCY TRANSFER	18,652	8,295		-100.00		
OTHER FUND	237,827	241,382	249,779	3.48	249,779	
PUBLIC SAFETY, PAROLE AND PROBATION	30,949,162	30,941,316	34,337,382	10.98	35,101,607	2.23
GENERAL FUND	27,847,008	27,926,335	31,547,973	12.97	32,312,198	2.42
BALANCE FORWARD	22,605					
INTER AGENCY TRANSFER	28,686	24,716	114,198	362.04	114,198	
OTHER FUND	3,050,863	2,990,265	2,675,211	-10.54	2,675,211	
PUBLIC SAFETY, PAROLE BOARD	1,108,220	1,102,652	1,256,090	13.92	1,237,385	-1.49
GENERAL FUND	1,108,220	1,102,652	1,256,090	13.92	1,237,385	-1.49
HAZARDOUS MATERIALS TRAINING CENTER	951,489	1,662,495		-100.00		
GENERAL FUND		1,000		-100.00		
BALANCE FORWARD	144,935	448,806		-100.00		
FEDERAL FUND	39,268	198,864		-100.00		
INTER AGENCY TRANSFER	210,736	381,253		-100.00		
OTHER FUND	556,550	632,572		-100.00		
PUBLIC SAFETY, FIRE MARSHAL	1,297,202	1,862,594	4,379,787	135.14	4,951,364	13.05
GENERAL FUND			1,397,254		1,487,691	6.47
BALANCE FORWARD	96,834	276,644	503,972	82.17	532,925	5.74
INTER AGENCY TRANSFER	91,220	96,125	301,956	214.13	301,956	
OTHER FUND	1,109,148	1,489,825	2,176,605	46.10	2,628,792	20.77
PUBLIC SAFETY, EMERGENCY MANAGEMENT	4,129,163	12,251,171	6,335,368	-48.29	6,350,629	.24
GENERAL FUND	488,218	530,450	622,532	17.36	628,888	1.02
BALANCE FORWARD	-1,418,264	1,919,082		-100.00		
FEDERAL FUND	5,025,461	9,781,639	5,698,468	-41.74	5,707,373	.16
INTER AGENCY TRANSFER	33,748	20,000	14,368	-28.16	14,368	
PUBLIC SAFETY, TRAINING DIVISION	831,132	943,620	1,009,288	6.96	987,315	-2.18
GENERAL FUND	50,522	37,480	41,785	11.49	41,194	-1.41
HIGHWAY FUND	771,353	902,140	959,253	6.33	937,871	-2.23
INTER AGENCY TRANSFER	4,685					
OTHER FUND	4,572	4,000	8,250	106.25	8,250	
TOTAL-DEPARTMENT OF PUBLIC SAFETY	129,580,395	147,658,616	144,858,558	-1.90	145,425,104	.39
GENERAL FUND	35,912,255	35,694,447	40,124,461	12.41	41,002,377	2.19
BALANCE FORWARD	-528,395	4,880,537	2,660,465	-45.49	3,316,281	24.65
FEDERAL FUND	15,336,407	22,390,348	15,844,635	-29.23	14,887,481	-6.04
HIGHWAY FUND	50,365,527	50,253,283	56,659,245	12.75	55,725,946	-1.65
INTER AGENCY TRANSFER	13,907,267	13,568,291	13,254,124	-2.32	13,555,424	2.27
OTHER FUND	14,587,334	20,871,710	16,315,628	-21.83	16,937,595	3.81
PUBLIC SAFETY						
GENERAL FUND	205,626,171	207,387,787	224,146,922	8.08	229,646,595	2.45
BALANCE FORWARD	3,313,580	11,705,159	9,330,678	-20.29	10,357,438	11.00

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
PUBLIC SAFETY						
PUBLIC SAFETY						
FEDERAL FUND	17,661,011	26,092,505	15,901,030	-39.06	14,887,481	-6.37
HIGHWAY FUND	77,700,490	94,246,615	115,714,524	22.78	119,529,607	3.30
INTER AGENCY TRANSFER	19,207,408	19,935,878	18,732,828	-6.03	19,012,683	1.49
INTERIM FINANCE	2,002,392					
OTHER FUND	73,034,541	91,146,434	84,768,775	-7.00	87,646,146	3.39
TOTAL-PUBLIC SAFETY	398,545,593	450,514,378	468,594,757	4.01	481,079,950	2.66
Less: INTER AGENCY TRANSFER	19,207,408	19,935,878	18,732,828	-6.03	19,012,683	1.49
NET-PUBLIC SAFETY	379,338,185	430,578,500	449,861,929	4.48	462,067,267	2.71

INFRASTRUCTURE

The Infrastructure function of state government includes those agencies responsible for capital assets of the state, as well as its natural resources. The function includes the Department of Transportation, the Colorado River Commission, and the Department of Conservation and Natural Resources. General Fund appropriations recommended by the Governor in FY 2003-04 total \$25.1 million, a 16.3 percent increase over FY 2002-03. A total of \$24.7 million in General Fund support is recommended in FY 2004-05. Total amounts recommended from all funding sources in FY 2003-04 are \$1.14 billion, a 1.7 percent decrease from FY 2002-03, excluding inter-agency transfers. An increase of 6.8 percent to \$1.22 billion is recommended for FY 2004-05.

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The Department of Conservation and Natural Resources (DCNR) is responsible for ensuring Nevada's natural resources are used, maintained and preserved in a manner that will best serve the citizens of the state. The department is comprised of the Divisions of Forestry, Wildlife, State Parks, Environmental Protection, State Lands, Conservation Districts, and Water Resources. The department includes the Nevada Tahoe Regional Planning Agency, the State Environmental Commission, the Nevada Natural Heritage Program and the Commission for the Preservation of Wild Horses.

For the entire department, including the Tahoe Regional Planning Agency, the Governor recommends General Fund appropriations of \$25.1 million in FY 2003-04, a 16.3 percent increase over amounts approved for FY 2002-03. A total of \$24.7 million in General Fund support is recommended in FY 2004-05. Total budget recommendations from all funding sources, excluding interagency transfers, are \$128.7 million in FY 2003-04 and \$118.3 million in FY 2004-05.

QUESTION 1 - \$200 MILLION CONSERVATION BOND

The 17th Special Session of the Legislature (2001) approved Assembly Bill 9 that put forth a proposal to the voters at the November 5, 2002 general election for approval of up to \$200 million in general obligation bonds for purposes of protecting, preserving and obtaining the benefits of property and natural resources in the state. Of the \$200 million available, \$120 million is allocated directly to the Department of Conservation and Natural Resources: \$65.5 million to State Lands; \$27.5 million to Wildlife; and \$27 million to State Parks. With approval by the voters of Question 1, the Governor recommends a total of \$1.1 million over the 2003-05 biennium to support administration of the Question 1 bond program, including a total of 8.0 new FTE positions (2 in the Director's Office, and 3 each in State Lands and State Parks).

DIRECTOR'S OFFICE

The Director's Office of the Department of Conservation and Natural Resources provides administrative, technical, budgetary and supervisory support to agencies within the department. The Director's Office is funded primarily through General Fund appropriations, along with

nominal cost allocation revenues. The 1995 Legislature approved placing the supervision of the Division of Forestry accounting, fiscal and personnel section under the supervision of the Director's Office in an effort to restore fiscal integrity and accountability. The Executive Budget recommends returning funding for the unit back to Forestry consistent with the Director's decision in February 2002 to place the unit under the direct supervision of the State Forester.

In addition to the 2 FTE positions recommended for the administration of the Question 1 bond program, the Governor recommends 1 Accounting Assistant III to assist with fiscal and accounting activities, and 1 Administrative Aid II that will function as the main receptionist for the office. The Executive Budget recommends eliminating funding for the Advisory Board on Water Resource Planning and Development, and increasing the Natural Resource Advisory Board by one member to address water resource planning issues.

DIVISION OF STATE LANDS

The Division of State Lands acquires, holds and disposes of land and interests in land, manages state land, and promotes the appropriate use and management of Nevada's public lands. The division administers the Tahoe Bond Acts and the Fund to Protect the Lake Tahoe Basin. The Tahoe Bond Act of 1986 provided \$31 million of general obligation bonds of the state for acquisition of environmentally sensitive lands and for erosion control projects in the Lake Tahoe Basin. In 1996, an additional Tahoe bond issue provided \$20 million for erosion control projects. The 1999 Legislature authorized the issuance of \$3.2 million of General Obligation bonds establishing the Fund to Protect Lake Tahoe in support of the Environmental Improvement Program (EIP). The 2001 Legislature authorized an additional \$16.2 million in EIP bonds.

General Fund support in FY 2003-04 is recommended to increase 2.0 percent over amounts approved in FY 2002-03. An additional 1.4 percent increase is recommended in the second year of the 2003-05 biennium.

DIVISION OF STATE PARKS

The Division of State Parks plans, develops and maintains a system of 24 parks and recreational areas for the use and enjoyment of residents and visitors. The division also preserves areas of scenic, historic and scientific significance in Nevada.

In addition to the three positions requested for administration of the Question 1 bond program, The Executive Budget recommends 2 new FTE positions for the Division of State Parks: an Accounting Assistant to assist with accounting and fee collection activities in Region III and the Lahontan State Recreation area; and a Maintenance Repair Worker for facility maintenance and repairs at Cave Lake and Ward Charcoal Ovens State Recreation Areas. The 2001 Legislature approved continuation of a Park Ranger position dedicated to the Lake Tahoe Environmental Improvement Program funded with a combination of transfers of lodging tax fees from the Commission on Tourism and transfers of interest earnings from the EIP bond account. Due to reduced lodging tax revenues, The Executive Budget recommends replacing the transfers from the Commission on Tourism with transfers from the Lake Tahoe License Plate account.

DIVISION OF ENVIRONMENTAL PROTECTION

The Division of Environmental Protection implements environmental programs authorized and required by the Nevada Legislature and various federal laws, and enforces regulations adopted by the state Environmental Commission. The division consists of Administration and seven bureaus: Air Quality, Mining Regulation and Reclamation, Water Pollution Control, Water Quality, Corrective Action, Waste Management and Federal Facilities. The Governor recommends establishing a new Bureau of Environmental Information Planning within the Administration budget to be supervised by a recently reclassified Bureau Chief transferred from the Bureau of Federal Facilities. The Executive Budget also recommends placing the Bureau of Water Quality Planning and the Bureau of Federal Facilities into individual accounts in an effort to reduce the complexity of existing budget accounts.

The Executive Budget recommends the addition of 6 new positions in the Bureau of Air Quality (2 Environmental Scientist III, 3 Staff Engineer III, and 1 Management Analyst III) to address new U.S. Environmental Protection Agency rules identifying, permitting and monitoring new sources and types of hazardous air pollutants. The Governor recommends a new Staff Engineer III to address new Phase II Stormwater requirements in northern Nevada in the Bureau of Water Pollution Control, and an Environmental Scientist III position to support increasing demands associated with the Non-point Source Program in the Bureau of Water Quality Planning.

The Governor recommends transferring the Environmental Lab, including 2 Health Facilities Surveyors from the Division of Health to the Bureau of Water Quality Planning. The Executive Budget includes a new Bureau Chief in the Bureau of Federal Facilities to replace a retiring federal employee that supervises the program through an interagency personnel contract. One Environmental Scientist III is recommended to conduct compliance inspections for underground storage tanks in the Bureau of Corrective Actions.

DIVISION OF FORESTRY

The Division of Forestry is responsible for supervising, managing and coordinating all forestry, watershed, and fire prevention and control work on state and privately owned lands in Nevada. Additionally, the division provides assistance to county and local fire districts and adopts and enforces fire prevention regulations. Direct protection and management are provided to land and improvements within fire districts organized under Chapter 473 of NRS. The 473 districts cover nearly nine million acres in eight counties. Other division programs include cooperative forest management, rural fire protection, resource rehabilitation, and control of insects and diseases in trees. The Executive Budget recommends transferring direct supervision of the Forestry fiscal unit from the Director's Office back to the State Forester.

The Executive Budget recommends the addition of 2 seasonal accounting positions (six months each) to assist with fire payroll and fiscal duties in the northern and western regions during fire season, along with a new Administrative Services Officer I position to assist the Administrative Services Officer III with fiscal, accounting and budgeting duties. The 2001 Legislature approved continuation of a Forester position dedicated to the Lake Tahoe Environmental Improvement Program, with funding provided from a combination of General Fund and EIP bond interest.

The Governor recommends replacing the General Fund support with transfers from the Lake Tahoe License Plate account.

The 2001 Legislature approved the Governor's recommendation to increase the cost allocation from the counties from \$230,000 to \$342,000 per year in support of Forestry Administration for county fire protection districts, with an understanding that Forestry would attempt to resolve concerns with the counties regarding the increase. The Executive Budget recommends a reduction in the cost allocation of \$56,230 per year, with a Forestry Staff Specialist position eliminated to absorb the reduction in funding.

FOREST FIRE SUPPRESSION

The Forest Fire Emergency Response program covers expenses necessary for fire protection and forest and watershed management that are caused by fire or other emergencies. In addition, personnel respond to medical emergencies and vehicle accidents. The program is funded by a combination of General Fund appropriations and reimbursements for fire-fighting assistance provided on lands outside of the state's jurisdiction. When this budget is depleted, funding is also available from the State Board of Examiners' Reserve for Statutory Contingency Fund (NRS 353.264). The agency can also seek additional amounts from the Interim Finance Committee's Contingency Fund (NRS 353.266). The Governor recommends a General Fund appropriation of \$1.0 million in each fiscal year of the 2003-05 biennium.

FORESTRY HONOR CAMPS

The Forestry Honor Camp program coordinates and supervises labor-intensive work projects performed by inmates from the Nevada Department of Corrections (NDOC). The inmates reside in NDOC conservation camps, and work on projects that generate revenue for the state, provide free or reduced cost labor for state and local agencies, and provide fire suppression resources to Forestry. The Executive Budget recommends the continuation of budget reductions that were implemented in FY 2002-03, including the elimination of 4 crew supervisor positions (2 at Wells, and one each at Humboldt and Jean) and a reduction of 0.5 percent in operating costs at each of the 10 camps statewide.

DIVISION OF WILDLIFE

The Nevada Division of Wildlife (NDOW) is responsible for the preservation and management of Nevada's wildlife resources. The division is made up of seven bureaus: Administrative Services; Game; Fisheries; Law Enforcement; Habitat; Wildlife Diversity; and Conservation Education.

The Executive Budget recommends additional revenues totaling \$2.27 million to enhance reserves resulting from, if approved, a bill draft request to increase fees, licenses, stamps, tags, special permits and vessel registrations and titles. The Governor recommends \$459,875 in reserve funding in the 2003-05 biennium to renovate various facilities statewide based upon an extensive survey, analysis and assessment of needs. In addition, \$2.14 million over the 2003-05 biennium is recommended to provide for one-time projects related to the mission of the division.

WILDLIFE BOATING PROGRAM

The Nevada Division of Wildlife administers, enforces and implements the Nevada Boat Act. The program includes registration and titling of boats, enforcement of laws and regulations, boating safety education and development of public access facilities.

The Executive Budget recommends increases in spending authority of \$560,904 over the 2003-05 biennium to fund boating access projects statewide, along with one-time special projects that correlate with the agency's mission. The Governor also recommends additional revenue totaling \$1.6 million in the biennium resulting from, if approved, a bill draft request increasing boating registration fees. One-half of the boat registration fees collected by the agency are disbursed to the school district in the county where the boat is registered pursuant to NRS 488.

TROUT MANAGEMENT

The Trout Management budget receives funding from the sale of trout stamps statewide. The 2001 Legislature approved Assembly Bill 199 raising the Trout Stamp fee from \$5 to \$10 to support a statewide hatchery refurbishment project funded with revenue bonds totaling \$3.03 million over the 2001-03 biennium. The Governor recommends continuation of the hatchery refurbishment program, with funding provided through the issuance of additional revenue bonds totaling \$14.5 million, federal sportfish funds totaling \$700,000, and \$1.7 million in trout stamp receipts.

TAHOE REGIONAL PLANNING AGENCY

The Tahoe Regional Planning Agency (TRPA) was jointly created by the states of Nevada and California and the United States Congress. TRPA leads the cooperative effort to preserve, restore and enhance the environment of the Lake Tahoe Region. Under the Bi-State Compact, Nevada and California contribute funding to TRPA on a one-third/two thirds split. The TRPA exercises environmental controls over the water, land, air, wildlife and development of the Lake Tahoe Region.

The Executive Budget continues the state of California's FY 2002-03 funding reduction of \$313,000 with a corresponding \$156,500 decrease in Nevada's matching share (one-third). TRPA sought reinstatement of the lost revenues indicating that the reduced funding level will not sustain the agency's basic operations – particularly the Environmental Improvement Program (EIP). Nevada Budget Division staff corresponded with TRPA and California budget staff and concluded that California did not intend to restore its funding cuts. Based on this conclusion, The Executive Budget recommends denial of the funding restoration request.

The Governor recommends \$600,000 per year, of which \$200,000 per year is Nevada's share, to continue threshold research commenced during the 2001-2003 biennium. Nevada's share would be funded with interest earnings on EIP bonds. According to the TRPA, California considers threshold research to be a base budget item and has consequently included its matching share of funding in the FY 2003-04 budget. TRPA indicates that during the 2003-05 biennium, threshold research efforts would focus on synthesizing research data into a program of meaningful

measures to guide ongoing monitoring programs and to provide a foundation for the Regional Plan update.

NEVADA DEPARTMENT OF TRANSPORTATION

The Nevada Department of Transportation (NDOT) is funded through a combination of federal funds, dedicated state highway user revenues, and bond issues. The Executive Budget recommends \$619.8 million in FY 2003-04 and \$670.3 million in FY 2004-05 to fund the operations of the department for the 2003-05 biennium.

The Governor's 2003-05 budget recommends \$441.8 million in FY 2003-04 and \$494.3 million in FY 2004-05 in Highway Funds, federal funds and bond issues to support the department's highway construction, maintenance and capital improvement plan for the 2003-05 biennium. Included in the budget is bonding authority of \$135 million in FY 2003-04 and \$190 million in FY 2004-05 to partially fund three of the department's "super" projects: US 95 widening, Carson City Bypass and the I-15 expansion. Programmed expenditures for highway construction and maintenance of the state's three primary geographic areas include: \$578.1 million for Clark County, \$292.1 million for Washoe County, and \$13.6 million for the Lake Tahoe area.

The Executive Budget recommends Highway Fund appropriations of \$2.9 million in FY 2003-04 and \$2.1 million in FY 2004-05 for 42 new FTE positions and ancillary costs to assist the department in meeting growing demands for service in its Right-of-Way, Engineering, and highway maintenance functions. In addition, the Governor recommends \$13 million in FY 2003-04 and \$11.4 million in FY 2004-05, primarily represented by Highway Fund appropriations, for new and replacement equipment, the bulk of which would be for additions to NDOT's mobile fleet.

The Executive Budget recommends \$9 million in FY 2003-04 and \$5.1 million in FY 2004-05 in Highway Fund appropriations for facility inspections, maintenance, new construction, maintenance station modifications, and improvement programs associated with the state's rest stops and welcome centers.

The Executive Budget recommends Highway appropriations of approximately \$1.9 million in FY 2003-04 and \$1.0 million in FY 2004-05 for the development of an Integrated Right-of-Way Information Network project and development of an Integrated Program and Project Management System. The Executive Budget also recommends Highway Funds of \$871,668 in FY 2003-04 to upgrade the department's 800mhz radio system.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
INFRASTRUCTURE						
CONSERVATION & NATURAL RESOURCES						
CNR ADMINISTRATION	1,604,204	1,597,573	1,159,219	-27.44	1,141,397	-1.54
GENERAL FUND	1,489,471	1,551,244	914,284	-41.06	898,394	-1.74
BALANCE FORWARD	79,222	3,696	2,700	-26.95	3,900	44.44
INTER AGENCY TRANSFER	34,271	35,513	239,835	575.34	236,703	-1.31
OTHER FUND	1,240	7,120	2,400	-66.29	2,400	
STATE ENVIRONMENTAL COMMISSION	30,037	39,485	40,336	2.16	40,336	
INTER AGENCY TRANSFER	7,609	10,003	10,184	1.81	10,183	-.01
OTHER FUND	22,428	29,482	30,152	2.27	30,153	.00
HEIL WILD HORSE BEQUEST	275,847	958,814	726,613	-24.22	661,441	-8.97
BALANCE FORWARD	233,789	892,532	706,980	-20.79	643,641	-8.96
OTHER FUND	42,058	66,282	19,633	-70.38	17,800	-9.34
ENVIRONMENTAL PROTECTION ADMINIS	2,109,454	2,865,966	3,660,199	27.71	3,710,083	1.36
BALANCE FORWARD	30,235	732,727	471,755	-35.62	428,832	-9.10
INTER AGENCY TRANSFER	2,079,219	2,133,239	3,188,444	49.46	3,281,251	2.91
DEP AIR QUALITY	2,850,266	3,960,648	4,390,026	10.84	4,899,699	11.61
BALANCE FORWARD	-800,231	233,476	204,855	-12.26	329,782	60.98
FEDERAL FUND	767,414	1,040,146	852,954	-18.00	972,360	14.00
INTER AGENCY TRANSFER	926,419	961,993	1,837,981	91.06	1,944,303	5.78
OTHER FUND	1,956,664	1,725,033	1,494,236	-13.38	1,653,254	10.64
DEP WATER POLLUTION CONTROL	5,593,023	10,058,212	5,125,729	-49.04	5,459,295	6.51
GENERAL FUND	388,470	368,221	3,977	-98.92	4,088	2.79
BALANCE FORWARD	-281,079	1,042,455	805,049	-22.77	1,160,142	44.11
FEDERAL FUND	2,529,117	5,905,251	1,219,589	-79.35	1,215,042	-.37
INTER AGENCY TRANSFER	926,920	1,245,445	927,621	-25.52	926,921	-.08
OTHER FUND	2,029,595	1,496,840	2,169,493	44.94	2,153,102	-7.76
DEP WATER QUALITY PLANNING			3,896,966		3,922,496	.66
GENERAL FUND			355,381		355,381	
BALANCE FORWARD			142,516		166,732	16.99
FEDERAL FUND			3,200,283		3,201,597	.04
OTHER FUND			198,786		198,786	
DEP WASTE MGMT AND FEDERAL FACIL	8,074,557	12,092,944	9,574,518	-20.83	9,467,905	-1.11
BALANCE FORWARD	232,284	263,239	774,918	194.38	412,364	-46.79
FEDERAL FUND	2,534,804	4,477,877	2,441,655	-45.47	2,535,349	3.84
OTHER FUND	5,307,469	7,351,828	6,357,945	-13.52	6,520,192	2.55
BUREAU - FEDERAL FACILITIES		500,000	1,708,387	241.68	1,629,507	-4.62
BALANCE FORWARD			277,018		102,299	-63.07
FEDERAL FUND		500,000	786,507	57.30	800,408	1.77
INTER AGENCY TRANSFER			64,429		97,449	51.25
OTHER FUND			580,433		629,351	8.43

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
INFRASTRUCTURE						
DEP MINING REGULATION/RECLAMATIOI	1,670,582	3,044,180	2,843,498	-6.59	3,012,506	5.94
BALANCE FORWARD	-381,141	1,065,993	791,775	-25.72	960,783	21.35
OTHER FUND	2,051,723	1,978,187	2,051,723	3.72	2,051,723	
WATER PLANNING CAP IMPROVEMENT	134,172	177,737	183,719	3.37	179,211	-2.45
BALANCE FORWARD		34,142	16,075	-52.92	23,767	47.85
OTHER FUND	134,172	143,595	167,644	16.75	155,444	-7.28
DIVISION OF CONSERVATION DISTRICTS	311,737	334,406	352,499	5.41	360,754	2.34
GENERAL FUND	299,534	318,620	333,679	4.73	341,061	2.21
BALANCE FORWARD	15	150	150			-100.00
OTHER FUND	12,188	15,636	18,670	19.40	19,693	5.48
STATE LANDS	1,114,494	1,285,906	1,628,956	26.68	1,630,679	.11
GENERAL FUND	932,018	1,081,575	1,102,836	1.97	1,117,783	1.36
OTHER FUND	182,476	204,331	526,120	157.48	512,896	-2.51
NEVADA TAHOE REGIONAL PLANNING A	410	10,473	474	-95.47	474	
GENERAL FUND	410	473	474	.21	474	
OTHER FUND		10,000		-100.00		
FORESTRY	4,391,468	7,758,963	9,357,061	20.60	8,841,026	-5.51
GENERAL FUND	2,689,409	2,803,399	3,782,333	34.92	3,854,839	1.92
BALANCE FORWARD	156,789	295,810	62,213	-78.97	72,213	16.07
FEDERAL FUND	872,501	3,740,782	4,696,235	25.54	4,095,507	-12.79
INTER AGENCY TRANSFER	492,681	581,572	500,550	-13.93	502,640	.42
INTERIM FINANCE	96,664	9,500		-100.00		
OTHER FUND	83,424	327,900	315,730	-3.71	315,827	.03
FOREST FIRE SUPPRESSION	4,774,552	9,512,582	5,894,742	-38.03	5,894,817	.00
GENERAL FUND	1,250,000	1,000,000	1,000,000		1,000,000	
BALANCE FORWARD	-86,049	86,049		-100.00		
FEDERAL FUND	82,879					
INTERIM FINANCE	770,024	1,500,000		-100.00		
OTHER FUND	2,757,698	6,926,533	4,894,742	-29.33	4,894,817	.00
FORESTRY HONOR CAMPS	6,587,821	6,841,253	7,487,459	9.45	7,628,058	1.88
GENERAL FUND	4,605,411	4,745,457	5,339,412	12.52	5,463,980	2.33
OTHER FUND	1,982,410	2,095,796	2,148,047	2.49	2,164,078	.75
CNR FORESTRY INTER-GOVERNMENTAL	5,820,569	10,102,543	8,057,367	-20.24	8,564,309	6.29
GENERAL FUND	-7,997					
BALANCE FORWARD	-666,401	3,253,016	1,140,909	-64.93	1,647,851	44.43
INTER AGENCY TRANSFER	71,498	200,812	233,028	16.04	233,028	
OTHER FUND	6,423,469	6,648,715	6,683,430	.52	6,683,430	
FORESTRY NURSERIES	218,785	772,415	658,133	-14.80	678,692	3.12
BALANCE FORWARD	-48,116	399,580	383,928	-3.92	404,487	5.35
FEDERAL FUND	18,919	20,000	20,000		20,000	
INTER AGENCY TRANSFER	15,298	29,171	21,521	-26.22	21,521	
OTHER FUND	232,684	323,664	232,684	-28.11	232,684	

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
INFRASTRUCTURE						
WATER RESOURCES	4,382,614	4,569,699	5,005,059	9.53	5,083,393	1.57
GENERAL FUND	3,981,271	4,037,131	4,601,686	13.98	4,675,213	1.60
BALANCE FORWARD	113,625	134,535	119,359	-11.28	121,725	1.98
FEDERAL FUND	136,857	241,798	128,260	-46.96	128,260	
OTHER FUND	150,861	156,235	155,754	-.31	158,195	1.57
STATE PARKS	9,670,815	9,569,705	10,584,921	10.61	10,560,744	-23
GENERAL FUND	3,093,373	3,423,917	5,359,500	56.53	4,631,888	-13.58
BALANCE FORWARD	743,907	1,375,196		-100.00		
FEDERAL FUND	44,997	205,597	55,434	-73.04	57,201	3.19
INTER AGENCY TRANSFER	2,073,482	900,186	229,797	-74.47	905,655	294.11
OTHER FUND	3,715,056	3,664,809	4,940,190	34.80	4,966,000	.52
NEVADA NATURAL HERITAGE	426,991	628,194	651,284	3.68	550,823	-15.43
GENERAL FUND	63,805	73,418	84,363	14.91	84,188	-.21
BALANCE FORWARD	-27,081	51,528	34,273	-33.49	44,932	31.10
FEDERAL FUND	130,106	185,265	172,357	-6.97	136,036	-21.07
HIGHWAY FUND	-14,023					
INTER AGENCY TRANSFER	233,826	309,711	349,933	12.99	275,309	-21.33
OTHER FUND	40,358	8,272	10,358	25.22	10,358	
TAHOE REGIONAL PLANNING AGENCY	8,980,031	8,036,079	8,292,131	3.19	8,368,826	.92
GENERAL FUND	1,558,082	1,513,393	1,374,372	-9.19	1,376,286	.14
FEDERAL FUND	2,184,909	1,350,000	2,335,357	72.99	2,348,021	.54
INTER AGENCY TRANSFER	72,000	403,481	277,760	-31.16	277,760	
OTHER FUND	5,165,040	4,769,205	4,304,642	-9.74	4,366,759	1.44
WILDLIFE	20,260,926	25,971,448	24,422,473	-5.96	24,195,546	-93
GENERAL FUND	697,396	699,071	876,421	25.37	875,509	-10
BALANCE FORWARD	1,369,805	4,499,996	2,923,277	-35.04	1,766,383	-39.58
FEDERAL FUND	6,605,018	7,940,697	8,353,039	5.19	8,447,822	1.13
INTER AGENCY TRANSFER	3,513,435	3,849,843	3,438,704	-10.68	3,537,234	2.87
OTHER FUND	8,075,272	8,981,841	8,831,032	-1.68	9,568,598	8.35
WILDLIFE - BOATING PROGRAM	4,693,510	7,473,413	5,338,865	-28.56	6,056,830	13.45
BALANCE FORWARD	677,879	1,882,043	464,900	-75.30	898,347	93.23
FEDERAL FUND	861,388	2,242,013	924,013	-58.79	1,110,763	20.21
OTHER FUND	3,154,243	3,349,357	3,949,952	17.93	4,047,720	2.48
WILDLIFE ACCOUNT - TROUT MANAGEM	229,746	4,249,374	15,178,935	257.20	4,360,778	-71.27
BALANCE FORWARD	-1,451,255	1,709,489	1,393,587	-18.48	1,106,460	-20.60
FEDERAL FUND	31,827	668,173	350,000	-47.62	350,000	
OTHER FUND	1,649,174	1,871,712	13,435,348	617.81	2,904,318	-78.38
WILDLIFE OBLIGATED RESERVE	1,196,046	3,324,960	3,954,331	18.93	3,788,545	-4.19
BALANCE FORWARD	-289,874	1,963,114	1,956,685	-.33	1,740,581	-11.04
FEDERAL FUND	748,321	659,093	981,371	48.90	1,019,837	3.92
INTER AGENCY TRANSFER	137,787	170,286	137,787	-19.08	137,787	
OTHER FUND	599,812	532,467	878,488	64.98	890,340	1.35

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
INFRASTRUCTURE						
TOTAL-CONSERVATION & NATURAL RES	95,402,657	135,736,972	140,173,900	3.27	130,688,170	-6.77
GENERAL FUND	21,040,653	21,615,919	25,128,718	16.25	24,679,084	-1.79
BALANCE FORWARD	-393,677	19,918,766	12,672,922	-36.38	12,035,221	-5.03
FEDERAL FUND	17,549,057	29,176,692	26,517,054	-9.12	26,438,203	-3.30
HIGHWAY FUND	-14,023					
INTER AGENCY TRANSFER	10,584,445	10,831,255	11,457,574	5.78	12,387,744	8.12
INTERIM FINANCE	866,688	1,509,500				.00
OTHER FUND	45,769,514	52,684,840	64,397,632	22.23	55,147,918	-14.36
DEPARTMENT OF TRANSPORTATION						
TRANSPORTATION ADMINISTRATION	368,547,270	699,190,104	619,849,882	-11.35	670,278,521	8.14
BALANCE FORWARD	1,197,696	1,431,944		-100.00		
FEDERAL FUND	167,378,481	208,698,975	200,000,000	-4.17	200,000,000	
HIGHWAY FUND	198,556,870	287,739,363	282,970,102	-1.66	278,413,658	-1.61
INTER AGENCY TRANSFER	1,336,886	1,350,034	1,336,886	-.97	1,336,886	
OTHER FUND	77,337	199,969,788	135,542,894	-32.22	190,527,977	40.57
TOTAL-DEPARTMENT OF TRANSPORTATION	368,547,270	699,190,104	619,849,882	-11.35	670,278,521	8.14
BALANCE FORWARD	1,197,696	1,431,944				.00
FEDERAL FUND	167,378,481	208,698,975	200,000,000		200,000,000	.00
HIGHWAY FUND	198,556,870	287,739,363	282,970,102	-1.66	278,413,658	-1.61
INTER AGENCY TRANSFER	1,336,886	1,350,034	1,336,886		1,336,886	.00
OTHER FUND	77,337	199,969,788	135,542,894	-32.22	190,527,977	40.57

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
INFRASTRUCTURE						
COLORADO RIVER COMMISSION						
COLORADO RIVER COMMISSION	3,134,836	3,828,904	6,124,087	59.94	7,216,439	17.84
BALANCE FORWARD	297,392	742,255	957	-99.87	341,573	592.06
INTER AGENCY TRANSFER	1,234,937	761,111	1,234,937	62.25	1,234,937	
OTHER FUND	1,602,507	2,325,538	4,888,193	110.20	5,639,929	15.38
CRC RESEARCH AND DEVELOPMENT	88,091	689,381	804,012	16.63	793,472	-1.31
BALANCE FORWARD	76,130	267,629	284,550	6.32	274,010	-3.70
OTHER FUND	11,961	421,752	519,462	23.17	519,462	
POWER DELIVERY SYSTEM	23,263,945	88,096,826	123,048,805	39.67	132,862,348	7.98
BALANCE FORWARD	676,317	609,118	608,936	-.03		-100.00
OTHER FUND	22,587,628	87,487,708	122,439,869	39.95	132,862,348	8.51
FORT MOHAVE DEVELOPMENT FUND	8,475	1,870,927	1,962,590	4.90	867,478	-55.80
BALANCE FORWARD	-104,888	1,754,023	1,823,027	3.93	727,915	-60.07
OTHER FUND	113,363	116,904	139,563	19.38	139,563	
POWER MARKETING FUND	136,062,938	249,791,814	269,352,401	7.83	297,223,791	10.35
BALANCE FORWARD	-13,063,286	40,137,090	40,591,452	1.13	53,632,842	32.13
OTHER FUND	149,126,224	209,654,724	228,760,949	9.11	243,590,949	6.48
TOTAL-COLORADO RIVER COMMISSION	162,558,285	344,277,852	401,291,895	16.56	438,963,528	9.39
BALANCE FORWARD	-12,118,335	43,510,115	43,308,922	-.46	54,976,340	26.94
INTER AGENCY TRANSFER	1,234,937	761,111	1,234,937		1,234,937	.00
OTHER FUND	173,441,683	300,006,626	356,748,036	18.91	382,752,251	7.29
INFRASTRUCTURE						
GENERAL FUND	21,040,653	21,615,919	25,128,718	16.25	24,679,084	-1.79
BALANCE FORWARD	-11,314,316	64,860,825	55,981,844	-13.69	67,011,561	19.70
FEDERAL FUND	184,927,538	237,875,667	226,517,054	-4.78	226,438,203	-.03
HIGHWAY FUND	198,542,847	287,739,363	282,970,102	-1.66	278,413,658	-1.61
INTER AGENCY TRANSFER	13,156,268	12,942,400	14,029,397	8.40	14,959,567	6.63
INTERIM FINANCE	866,688	1,509,500				
OTHER FUND	219,288,534	552,661,254	556,688,562	.73	628,428,146	12.89
TOTAL-INFRASTRUCTURE	626,508,212	1,179,204,928	1,161,315,677	-1.52	1,239,930,219	6.77
Less: INTER AGENCY TRANSFER	13,156,268	12,942,400	14,029,397	8.40	14,959,567	6.63
NET-INFRASTRUCTURE	613,351,944	1,166,262,528	1,147,286,280	-1.63	1,224,970,652	6.77

SPECIAL PURPOSE AGENCIES

Special purpose agencies are those that have a specialized function or have a different statutory relationship to the Executive Branch of government than most state agencies. This group includes the Public Employees Retirement System, which serves both state and local government, the Public Employees' Benefits Program, the Office of the Military, and the Office of Veterans' Services.

The Governor has recommended General Fund appropriations for special purpose agencies of \$6.5 million in FY 2003-04, a 0.4 percent increase over FY 2002-03. Amounts recommended from all funding sources total \$67.3 million, a 3.8 percent increase over FY 2002-03, after excluding inter-agency transfers. An additional 14.7 percent increase in funding is recommended in FY 2004-05. The recommended increase to support the Public Employees' Health Program is primarily responsible for the increase in funding during FY 2004-05.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees' Retirement System (PERS) provides retirement, disability and death benefits to long-term employees. PERS includes employees of Nevada counties, cities, school districts, state government, and miscellaneous public employers. The retirement system's budget is not subject to the Budget Act or to review by the Budget Division, but is included in The Executive Budget for review by the Legislature. The requested level of funding is provided through an administrative assessment charged to each member and benefit recipient. PERS is requesting a total of approximately \$8.2 million in each year of the 2003-05 biennium to support its operations.

The Public Employees' Retirement System actuary has determined that retirement contribution rates should be increased for regular members by 1.5 percent effective July 1, 2003. The contribution rate for police/fire members is recommended to be unchanged during the 2003-05 biennium. Since the employer and employee are each responsible for one-half of the increase in retirement contribution, The Executive Budget recommends funding to increase retirement contributions by 0.75 percent of payroll for regular members. Public employees will be responsible for paying the remaining 0.75 percent of payroll which will result in public employees incurring a decrease of 0.75 percent in compensation effective July 1, 2003.

OFFICE OF THE MILITARY

The Office of the Military is responsible for the supervision of the military affairs of the state, which includes both state and federal roles. The primary state mission is to respond to emergency situations such as civil or national disasters. The primary federal mission is to provide combat-ready reserve forces for the United States Armed Forces. The department consists of three major units: Army National Guard, Air National Guard, and the Office of the Adjutant General. There are 9 federally recognized mobilization Army Guard units and 19 Air Guard units stationed at 12 bases of operation (1 Air Guard base and 11 Army) throughout the state.

Funding for the Office is provided primarily through federal and state fund appropriations. The Governor's budget recommends the deletion of four vacant positions, as well as a three percent decrease in funding support for the National Guard Benefits Program. This program was established to encourage recruitment and retention of active members of the National Guard by providing guardsmen with a funding source for educational tuition reimbursement. For the 2003-05 biennium, state General Fund support to the Office is recommended to increase by 6.6 percent.

OFFICE OF VETERANS' SERVICES

The Office of Veterans' Services is responsible for assisting veterans and their families to obtain services, compensation, and government benefits to which they are entitled. In addition, they are responsible for managing the funds of veterans who the courts have declared unable to handle their own financial matters. The Office is responsible for supervising the operation and maintenance of two state veterans' memorial cemeteries in Boulder City and Fernley. The Office is also responsible for overseeing the operation of the State Veterans' Home in Boulder City. The Nevada Veterans' Services Commission, which consists of nine members, advises the Executive Director and the Deputy Executive Director of the Office of Veterans' Services.

The Executive Budget recommends funding for a new Administrative Assistant position in the Director's Office to be funded from increased cemetery internment fees. In addition to replacement computer equipment and a copier, the Governor is recommending funding from cemetery internment fees for support equipment for the two cemeteries at a cost of \$82,309 in FY 2003-04 and \$59,521 in FY 2004-05.

VETERANS' HOME

The 1997 Legislature approved funding for the construction of a 180-bed Veterans' Home in southern Nevada. A site in Boulder City was selected for the facility. The 1999 Legislature approved an operating budget for the Veterans' Home based on a completion date of June 2000. The construction of the Home was delayed numerous times, and did not begin operating until the summer of 2002.

Because the Home did not begin accepting a limited number of veterans until August 2002 and no historic costs for the operation of the Veterans Home exist, The Executive Budget recommends funding for the Home be based on the FY 2002-03 anticipated expenditure level that was approved by the 2001 Legislature. The revenues for the Home are based on an anticipated occupancy level of 88 percent for the 2003-05 biennium.

PEACE OFFICERS STANDARDS AND TRAINING COMMISSION

The Peace Officers Standards and Training Commission (POST) establishes minimum professional standards for training and certification of peace officers within the state. POST also provides basic law enforcement academies, certifies and monitors continuing education courses, conducts basic and audits other law enforcement academies. The activities of the Federal Police

Corps program were established in a separate budget account in FY 2003. As a result, the POST budget account reflects solely the activities of the state funded programs.

A BDR has been requested by the Administrative Office of the Courts proposing an increase to the administrative assessment. As a result of the BDR, additional funding is recommended to: continue 4 FTE positions that staff the POST academy, add a Facilities Manager to maintain facilities used by the POST and add an Administrative Aid position along with increased funding for contract services to transfer training records to microfilm. Total funding for POST increases 40.1 percent from \$1.2 million in FY 2002-03 to \$1.7 million in FY 2003-04. A decrease is recommended in FY 2004-05, for a total of \$1.6 million.

PUBLIC EMPLOYEES' BENEFITS PROGRAM

The Public Employees' Benefits Program (PEBP) provides various insurance coverages for state employees, retirees, and their dependents, if the participant chooses to cover their dependents. In addition, any non-state public agency can join the program to provide coverage for their employees, retirees and dependents. The insurance coverages provided include health, prescription, dental, vision, mental health, substance abuse, life, accidental death and dismemberment, travel accident and long-term disability. Other voluntary optional insurance coverages are available for those participants who elect to purchase additional coverage.

The program operates under the direction and oversight of the Public Employees' Benefits Board, a 9-member board appointed by the Governor. The Board appoints an Executive Officer to oversee the day-to-day operations of the program. This Executive Officer, along with 5 other unclassified positions and 20 classified employees, are the current staff of the PEBP.

The largest portion of the program is health insurance, which includes dental, vision, mental health, substance abuse and prescription coverage; the majority of this health coverage is self-insured. A small percentage of participants in southern Nevada elect to be covered by a Health Maintenance Organization (HMO) rather than the self-funded plan. Accidental death and dismemberment, travel accident, long-term disability and life insurance benefits are fully insured by outside carriers.

The Executive Budget for the 2003-05 biennium recommends funding in the amounts of \$213 million for FY 2003-04, and \$245 million for FY 2004-05, for a total of \$458 million, an increase of 31 percent over the 2001-03 biennium. A large portion of the increase is attributable to medical trend inflation (15% for Medical, 18% for Prescription, 6% for Dental, 8% for Vision, 10% for HMOs and 5% for fully-insured coverages).

Funding is provided by the state contribution for active and retired employee participants, premiums paid by plan participants, miscellaneous revenue (application fees from entities wishing to participate, pharmacy rebates, charges for copies) and Treasurer's interest. While there is no direct General Fund support in this account, a significant portion of the state contribution for state employees and retirees is funded through accounts supported with state General Funds.

For state employees, The Executive Budget recommends a monthly contribution, to be paid by the state, in the amount of \$495.68 for FY 2003-04 and \$558.07 for FY 2004-05. The following table identifies state contribution rates and the percentage change since FY 1997-98:

July 1997	July 1998	July 1999	July 2000	July 2001	July 2002	Oct. 2002	July 2003	July 2004
\$247.34	\$264.51	\$327.20	\$368.75	\$357.50	\$384.50	\$465.78	\$495.68	\$558.07
	6.9%	23.7%	12.7%	(3.1%)	7.6%	21.1%	6.4%	12.6%

This state contribution amount is currently utilized to provide 100 percent of the coverage for the employee and approximately 60 percent of the cost for dependent coverage, with the employee contributing the remaining 40 percent of the dependent premium.

The Executive Budget recommends the addition of 6 new FTE positions. One Financial Analyst is recommended to assume a portion of the services (trend and utilization analysis, cost impact of plan changes, etc.) currently provided by a contractor. Five additional clerical staff are recommended to decrease the staffing currently provided through a temporary employment agency.

The Incurred but Not Reported (IBNR) claim liability (the estimated dollar amount of claims for which services have been performed, however either the billing has not yet been submitted for payment, or payment has not been made) was estimated to be \$24.9 million on June 30, 2002. On June 30, 2002, the PEBP had cash reserves and other assets sufficient to fund approximately \$9 million of this liability, leaving \$15.9 million unfunded. The PEBP estimates that this unfunded portion of the IBNR will exceed \$20.9 million at the end of FY 2002-03. The Executive Budget recommends the restoration of funding to rebuild a sufficient reserve over a four-year period. As recommended, the funded portion of the reserve would be \$10 million at the end of FY 2003-04 and \$15.8 million at the end of FY 2004-05.

RETIRED EMPLOYEE GROUP INSURANCE PROGRAM

The Retired Employee Group Insurance Program was designed to defray a portion of health insurance premiums for employees who retire from state service and continue to participate in the state's group insurance plan. Funding for the program is through payroll assessments to state agencies to cover the costs of the state subsidy. This budget account provides a centralized collection mechanism for the receipt of contributions made by each state agency, the Judicial Branch, the Legislative Counsel Bureau, the Public Employees Retirement System, and the University and Community College System of Nevada, for the benefit of all retired state employees.

The assessment rate is calculated by determining what will be needed in the next biennium to fund the state subsidy. The amount needed is divided by the gross payroll estimated for the year, the result of which is the payroll assessment rate for that year. As approved by the 2001 Legislature, the assessment rate was 1.48 percent of gross payroll for FY 2002-03. With the increased retiree subsidy approved by the 18th Special Session, that rate was effectively increased to 1.7 percent. The Executive Budget recommends agency payroll assessments of 1.49 percent in FY 2003-04 and 1.66 percent in FY 2004-05.

The base amount of the state subsidy for retirees is currently \$263.89 and is recommended to increase to \$280.78 (a 6.4% increase) for FY 2003-04 and to \$316.26 (a 12.6% increase) for FY 2004-05. These amounts are intended to increase the state retiree subsidy to equal the amount of the premium increase recommended on behalf of state employees.

The difference between the total premium for coverage and the state subsidy amount is the portion of the total insurance premium that is paid by the retiree. NRS 287.046 provides that retirees who retired prior to January 1, 1994, are entitled to 100 percent of the base state subsidy amount to be applied against the total premium for insurance coverage. Retirees who retired on or after January 1, 1994, are entitled to 25 percent of the base subsidy amount for five years of service and 7.5 percent for each additional year of service, up to 20 years of service, which entitles them to 137.5 percent of the state subsidy amount.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
SPECIAL PURPOSE AGENCIES						
OFFICE OF MILITARY						
MILITARY	5,618,236	5,628,153	6,424,962	14.16	6,536,395	1.73
GENERAL FUND	1,899,281	2,028,949	2,105,816	3.79	2,150,829	2.14
BALANCE FORWARD	-6,547	42,543	-100.00			
FEDERAL FUND	3,610,619	3,463,862	4,319,146	24.69	4,385,566	1.54
INTER AGENCY TRANSFER	113,125	92,799	-100.00			
OTHER FUND	1,758					
ADJUTANT GENERAL CONSTRUCTION FI	243	86,810	37,995	-56.23	37,798	-52
BALANCE FORWARD	243	35,473	37,995	7.11	37,798	-52
FEDERAL FUND		39,337	-100.00			
OTHER FUND		12,000	-100.00			
NATIONAL GUARD BENEFITS	95,437	95,441	92,572	-3.01	92,572	
GENERAL FUND	95,437	95,441	92,572	-3.01	92,572	
TOTAL-OFFICE OF MILITARY	5,713,916	5,810,404	6,555,529	12.82	6,666,765	1.70
GENERAL FUND	1,994,718	2,124,390	2,198,388	3.48	2,243,401	2.05
BALANCE FORWARD	-6,304	78,016	37,995	-51.30	37,798	-52
FEDERAL FUND	3,610,619	3,503,199	4,319,146	23.29	4,385,566	1.54
INTER AGENCY TRANSFER	113,125	92,799				.00
OTHER FUND	1,758	12,000				.00
VETERANS AFFAIRS						
COMMISSIONER FOR VETERANS AFFAIR	1,183,867	1,278,027	1,511,528	18.27	1,519,826	.55
GENERAL FUND	791,428	857,853	909,447	6.01	907,583	-20
OTHER FUND	392,439	420,174	602,081	43.29	612,243	1.69
VETERANS HOME ACCOUNT	1,833,261	10,438,757	11,256,556	7.83	11,664,045	3.62
GENERAL FUND	1,735,667	3,470,619	3,369,433	-2.92	3,776,922	12.09
FEDERAL FUND		3,593,507	3,820,580	6.32	3,820,580	
INTER AGENCY TRANSFER		2,698,956	3,543,516	31.29	3,543,516	
OTHER FUND	97,594	675,675	523,027	-22.59	523,027	
TOTAL-VETERANS AFFAIRS	3,017,128	11,716,784	12,768,084	8.97	13,183,871	3.26
GENERAL FUND	2,527,095	4,328,472	4,278,880	-1.15	4,684,505	9.48
FEDERAL FUND		3,593,507	3,820,580		3,820,580	.00
INTER AGENCY TRANSFER		2,698,956	3,543,516		3,543,516	.00
OTHER FUND	490,033	1,095,849	1,125,108	2.67	1,135,270	.90

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
SPECIAL PURPOSE AGENCIES						
PUBLIC EMPLOYEES RETIREMENT SYSTEM						
PUBLIC EMPLOYEES RETIREMENT SYST	8,765,750	6,425,471	8,222,609	27.97	8,238,591	.19
BALANCE FORWARD	200,000	200,000	200,000		200,000	
INTER AGENCY TRANSFER	17,516	14,668	93,620	538.26	121,265	29.53
OTHER FUND	8,548,234	6,210,803	7,928,989	27.66	7,917,326	-.15
TOTAL-PUBLIC EMPLOYEES RETIREMEN	8,765,750	6,425,471	8,222,609	27.97	8,238,591	.19
BALANCE FORWARD	200,000	200,000	200,000		200,000	
INTER AGENCY TRANSFER	17,516	14,668	93,620	538.26	121,265	29.53
OTHER FUND	8,548,234	6,210,803	7,928,989	27.66	7,917,326	-.15
PEACE OFFICERS STANDARDS & TRAINING						
PEACE OFFICERS STANDARDS & TRAINI	991,691	1,213,813	1,700,941	40.13	1,561,988	-8.17
GENERAL FUND	-50,000					
BALANCE FORWARD	92,437	166,641	161,369	-3.16	134,081	-16.91
INTER AGENCY TRANSFER	21,291		32,798		32,798	
OTHER FUND	927,963	1,047,172	1,506,774	43.89	1,395,109	-7.41
POLICE CORPS PROGRAM	934,886	1,194,799	689,391	-42.30	694,859	.79
BALANCE FORWARD	133,080	153,231		-100.00		
FEDERAL FUND	801,806	1,041,568	689,391	-33.81	694,859	.79
TOTAL-PEACE OFFICERS STANDARDS &	1,926,577	2,408,612	2,390,332	-.76	2,256,847	-5.58
GENERAL FUND	-50,000					
BALANCE FORWARD	225,517	319,872	161,369	-49.55	134,081	-16.91
FEDERAL FUND	801,806	1,041,568	689,391	-33.81	694,859	.79
INTER AGENCY TRANSFER	21,291		32,798		32,798	
OTHER FUND	927,963	1,047,172	1,506,774	43.89	1,395,109	-7.41
PUBLIC EMPLOYEES HEALTH PROGRAM						
PUBLIC EMPLOYEES BENEFITS PROGRA	155,298,180	194,696,778	213,002,995	9.40	245,041,554	15.04
BALANCE FORWARD	6,930,781	11,773,675	4,200,000	-64.33	10,014,392	138.44
INTER AGENCY TRANSFER	120,490,720	152,926,297	171,451,915	12.11	193,925,051	13.11
OTHER FUND	27,876,679	29,996,806	37,351,080	24.52	41,102,111	10.04
RETIRED EMPLOYEE GROUP INSURANC	14,258,811	15,823,873	17,061,345	7.82	19,227,402	12.70
BALANCE FORWARD	88,333	18,387		-100.00	12,193	
INTER AGENCY TRANSFER	14,170,478	15,805,486	17,061,345	7.95	19,215,209	12.62
TOTAL-PUBLIC EMPLOYEES HEALTH PRI	169,556,991	210,520,651	230,064,340	9.28	264,268,956	14.87
BALANCE FORWARD	7,019,114	11,792,062	4,200,000	-64.38	10,026,585	138.73
INTER AGENCY TRANSFER	134,661,198	168,731,783	188,513,260	11.72	213,140,260	13.06
OTHER FUND	27,876,679	29,996,806	37,351,080	24.52	41,102,111	10.04
SPECIAL PURPOSE AGENCIES						
GENERAL FUND	4,471,813	6,452,862	6,477,268	.38	6,927,906	6.96
BALANCE FORWARD	7,438,327	12,389,950	4,599,364	-62.88	10,398,464	126.08
FEDERAL FUND	4,412,425	8,138,274	8,829,117	8.49	8,901,005	.81
INTER AGENCY TRANSFER	134,813,130	171,538,206	192,183,194	12.04	216,837,839	12.83

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
SPECIAL PURPOSE AGENCIES						
SPECIAL PURPOSE AGENCIES						
OTHER FUND	37,844,667	38,362,630	47,911,951	24.89	51,549,816	7.59
TOTAL-SPECIAL PURPOSE AGENCIES	188,980,362	236,881,922	260,000,894	9.76	294,615,030	13.31
Less: INTER AGENCY TRANSFER	134,813,130	171,538,206	192,183,194	12.04	216,837,839	12.83
NET-SPECIAL PURPOSE AGENCIES	54,167,232	65,343,716	67,817,700	3.79	77,777,191	14.69

APPENDIX

Report of the State of Nevada Economic Forum

*Forecast of Future State Revenues
December 2, 2002*

STATE OF NEVADA
ECONOMIC FORUM



FORECAST OF FUTURE
STATE REVENUES

December 2, 2002

THE STATE OF NEVADA ECONOMIC FORUM

Cary Fisher, Chairman
Ron Zideck, Vice Chairman
Deborah Pierce
Leo Seevers
Michael Small



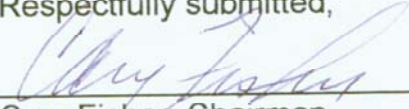
December 2, 2002

Members of the 72nd Legislature
Legislative Building
Capitol Complex
Carson City, Nevada 89701-4747

Dear Nevada Legislator:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to Nevada Revised Statutes 353.228. This report, which must be presented by December 1, 2002, includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated general fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections before May 1, 2003 to determine if any adjustment is necessary.

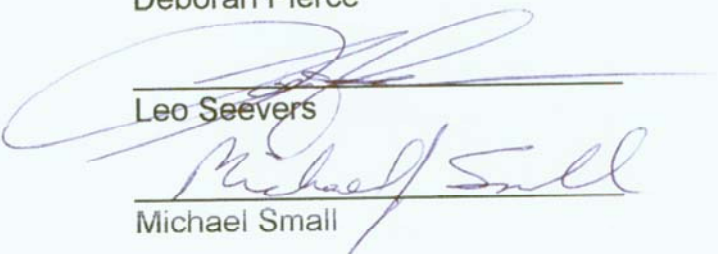
Respectfully submitted,


Cary Fisher, Chairman
State of Nevada Economic Forum

Ron Zideck, Vice-Chairman


Deborah Pierce

Leo Seevers


Michael Small

Enclosure

THE STATE OF NEVADA ECONOMIC FORUM

Cary Fisher, Chairman
Ron Zideck, Vice Chairman
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Michael Small



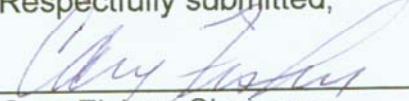
December 2, 2002

The Honorable Kenny Guinn
Governor of Nevada
Capitol Building
Carson City, Nevada 89701-4747

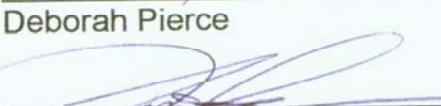
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Respectfully submitted,


Cary Fisher, Chairman
State of Nevada Economic Forum


Ron Zideck, Vice-Chairman


Deborah Pierce


Leo Seevers


Michael Small

Enclosure

REPORT TO THE GOVERNOR AND THE LEGISLATURE ON FUTURE STATE REVENUES

December 2, 2002

Senate Bill 23 (1993) provided for the creation of an Economic Forum to forecast future state general fund revenues. The Forum, a panel of five economic and taxation experts from the private sector, is required to adopt an official forecast of unrestricted general fund revenues for the biennial budget cycle. All agencies of the state, including the Governor and the Legislature, must use the Forum's forecast. A seven-member Technical Advisory Committee made up of Executive and Legislative Branch staff members as well as a representative of local government was also created in SB 23 to provide whatever assistance and resources the Forum required.

The Forum must present its forecast to the Governor and the Legislature by December 2, 2002, and any required revisions by May 1, 2003. This report includes forecasts of unrestricted general fund revenues for fiscal years 2002-03, 2003-04 and 2004-05.

Methodology and Procedures

The Governor appointed the five members of the Economic Forum in 2002 for a two-year term. These appointments include two members nominated by the leadership of the Senate and Assembly. The Forum has since met in open meeting three times between September 19 and December 2, 2002.

The first meeting of the Forum was devoted to organizing, reviewing the assigned task, reviewing previous forecasts and outcomes and determining a course of action. At that time, the Forum directed the Technical Advisory Committee to prepare independent

forecasts for those revenues normally projected by each agency and by the Budget Division of the Department of Administration and the Fiscal Analysis Division of the Legislative Counsel Bureau. The Forum also requested that the economic assumptions underlying the projections be provided. In addition, the Forum solicited information from others known to develop such data and asked for commentary from economic experts not directly involved in the forecast process.

In response to this request, the Budget Division and Fiscal Analysis Division, respectively, provided projections and economic analyses for six major general fund revenues and economic forecasts at the second meeting of the Forum on October 30, 2002. The Department of Taxation and the Gaming Control Board also provided projections and economic analysis concerning the major revenues they have the responsibility to collect. The Forum also received forecasts of all minor general fund revenues developed by the Technical Advisory Committee for its review and consideration.

In addition to the state agency information, the Economic Forum received forecasts of gaming percentage fees and sales taxes and state and national economic analysis from Global Insight (formerly WEFA), an economic and information consulting firm under contract to the state. Other public and private experts provided various economic and revenue analysis to the Forum. This process allowed the Forum to review results from a variety of econometric models and other analytical approaches to revenue estimation. The Economic Forum reviewed the forecast information and developed preliminary forecasts of general fund revenues and requested that updated forecasts and information be provided at the meeting on December 2, 2002.

At its third meeting, the Economic Forum received the updated economic and revenue information from the state agencies, the Technical Advisory Committee, Global Insight and others to produce the binding forecast of all unrestricted general fund revenue. A copy of that forecast is attached. A final meeting of the Forum will be scheduled on or before May 1, 2003, to make any necessary revisions to the December forecast.

Economic Review and Outlook

The longest U.S. economic expansion on record ended in March 2001 as recessionary conditions took hold following a sharp slowdown in economic activity during the latter half of 2000. The national economy then declined, as measured by real Gross Domestic Product (GDP), for three consecutive quarters. GDP has since increased over the last four quarters at a rate of 3.2 percent. By most accounts, the national economy remains sluggish, but three percent growth is slightly stronger than average GDP growth in the first three years following the end of the previous recession in March 1991. However, the National Bureau of Economic Research, the organization charged with dating recessions and recoveries, has not as yet dated the official end of the recession.

The table below highlights GDP growth in recent years measured from fourth quarter to fourth quarter each year.

<u>YEAR</u>	<u>RATE</u>	<u>YEAR</u>	<u>RATE</u>
1997	4.3%	2000	2.3%
1998	4.8%	2001	0.1%
1999	4.3%	2002¹	3.4%

¹*First three quarters only.*

Many economists believe 2.5 to 3.5 percent is the optimum growth range for the nation to maintain price stability and to avoid other economic shocks that may lead to a recession. However, growth following a recession is often above that range as the growing economy reverses some of the negative consequences of a recession such as higher unemployment and lower business inventories.

Because of the sluggishness of the apparent recovery, principally caused by falling stock prices and a resulting decline in business investment, actions of the Federal Reserve Board in conjunction with market forces have helped to reduce short-term interest rates to levels not seen since 1958. The 3-month Treasury Bill, for example, traded at an average rate of 1.58 percent in October. In addition, low inflation, which has averaged only 2.3 percent over the past five years and two percent over the last twelve months, in combination with the sluggish economy has prompted a steady decline in long-term rates since January 2000. For instance, the 10-year Treasury Bond, which is the key determinant of mortgage

rates, has traded at or below four percent in recent months. That is the lowest 10-year rate since 1963. Low mortgage rates for original home loans and refinancings have added strength to both the housing market and consumer demand over the past year.

On another positive note, non-farm productivity, which gained strength in the late 1990s and continued to advance throughout the economic slowdown in 2000 and the recession of 2001 has posted real growth of more than five percent over the last 12 months. Productivity growth is a key economic indicator because it results in real income growth for most participants in the U.S. economy. The downside of productivity growth, at least for the short term, is that firms do not have to hire as many workers as demand picks up, thereby reducing job growth and keeping unemployment higher than it otherwise would be. As a result, there has been no net job growth reported in the U.S. this year, and the unemployment rate, which averaged 4.0 percent in 2000, currently stands at 5.7 percent, down only slightly from the 6.0 percent peak reached in April 2002.

The Nevada economy was holding its own in the face of the national recession until September 11, 2001. At that point, key indicators of the state economy such as jobs, taxable sales and gaming win were continuing to grow, albeit slowly. The state's unemployment rate had increased to the 5.0 percent range because the number of jobseekers was growing faster than new jobs were being created. The effects of the terrorist attacks on air travel to Nevada and the resulting effect on tourism spending immediately produced a statewide economic downturn. All of the state's economic indicators turned negative and remained negative or flat during the following 12 months. Only in September have the indicators turned positive largely because they are being compared to the depressed year-ago levels.

The recessionary conditions produced by the September 11 attacks would have led to a decline in state general fund revenue during FY 2001-02 had the 2001 Legislature not approved several tax and fee increases. For example, a small \$9 million increase in sales tax revenue was more than offset by a nearly \$15 million decline in gaming taxes and fees. And combined, these two revenue sources, which generate over 70 percent of general fund revenue, produced \$47 million less than the amount budgeted for FY 2001-02. The only

general fund revenue source to show a healthy increase, other than those affected by rate increases, was the insurance premium tax, which grew by 6.6 percent.

Forecasts produced by Global Insight show the U.S. economy picking up speed during the next three years. For example, their estimate of 2.6 percent GDP growth for 2003 is above the estimated growth rate of 2.3 percent for 2002. The forecasts for the unemployment rate, housing starts, the consumer price index and interest rates all reflect sound fundamentals and a solid U.S. economic performance throughout the state's next biennium.

Under most circumstances, the Nevada economy should be expected to thrive if the Global Insight forecasts shown below prove to be accurate.

	2003	2004	2005
<i>Real Gross Domestic Product (% Change)</i>	2.6%	4.1%	3.8%
<i>Unemployment Rate</i>	6.0%	5.3%	5.0%
<i>Housing Starts (millions of units)</i>	1.58	1.69	1.71
<i>Consumer Price Index (% Change)</i>	2.3%	2.4%	2.3%
<i>3-month Treasury Bill Rate</i>	1.7%	3.1%	3.9%
<i>10-year Treasury Note Rate</i>	4.6%	5.7%	6.0%

As always, there are many uncertainties connected with forecasts beyond a few months. Global Insight admits as much by assigning a 30 percent probability to the U.S. experiencing a "double-dip" recession, with economic activity again declining in 2003 before picking up in 2004. In addition, the uncertainty surrounding war with Iraq and the potential for another large-scale terrorist attack makes forecasting particularly problematic.

Although the Nevada economy should be expected to do well if the U.S. economy prospers, the expansion of gaming into other jurisdictions, particularly California Indian gaming, continues to cloud Nevada's future. However, gaming expansion in other locales is unlikely to do irreparable harm to Nevada's tourism economy, especially in southern Nevada, if the U.S. economy remains healthy. The Reno-Tahoe area, however, may have

to continue to expand its appeal to visitors beyond the traditional gaming environment, because additional competition from both California and Las Vegas will likely reduce visitor volume without such efforts. Rural Nevada will continue to face the challenges posed by the ups and downs of the mining industry, but the uncertainty over war and terrorism is likely to benefit rural Nevada because gold is seen as a store of value in times of international tension.

The few available statewide forecasts confirm a healthy economic outlook for the next few years. The Nevada Blue Chip consensus projects personal income to grow by 6.3 percent, employment by 3.8 percent and the number of housing permits by 2.5 percent in 2003. Separately, the state Bureau of Research and Analysis forecasts that employment will grow by 2.5, 3.3, and 3.2 percent, respectively, during the next three years. Global Insight's own forecast of the Nevada economy is consistent with these expectations through 2005. In addition, the leading indicators series produced by the Center for Business and Economic Research at UNLV has been trending upward throughout this year, suggesting that southern Nevada should do well in the months ahead.

Although the Nevada economy appears to have some momentum and the expectations for economic performance are positive, the outlook is expected to produce only modest state revenue increases overall. Because Nevada's general fund tax base is dependent on a number of inelastic tax sources, general fund revenue usually does not keep pace with economic growth. Increases in employment and personal income presage continued gains in sales tax revenues. However, the picture for gaming percentage fees is less positive because growth in visitor volume and thus taxable gaming revenue is often sluggish without the opening of major new properties.

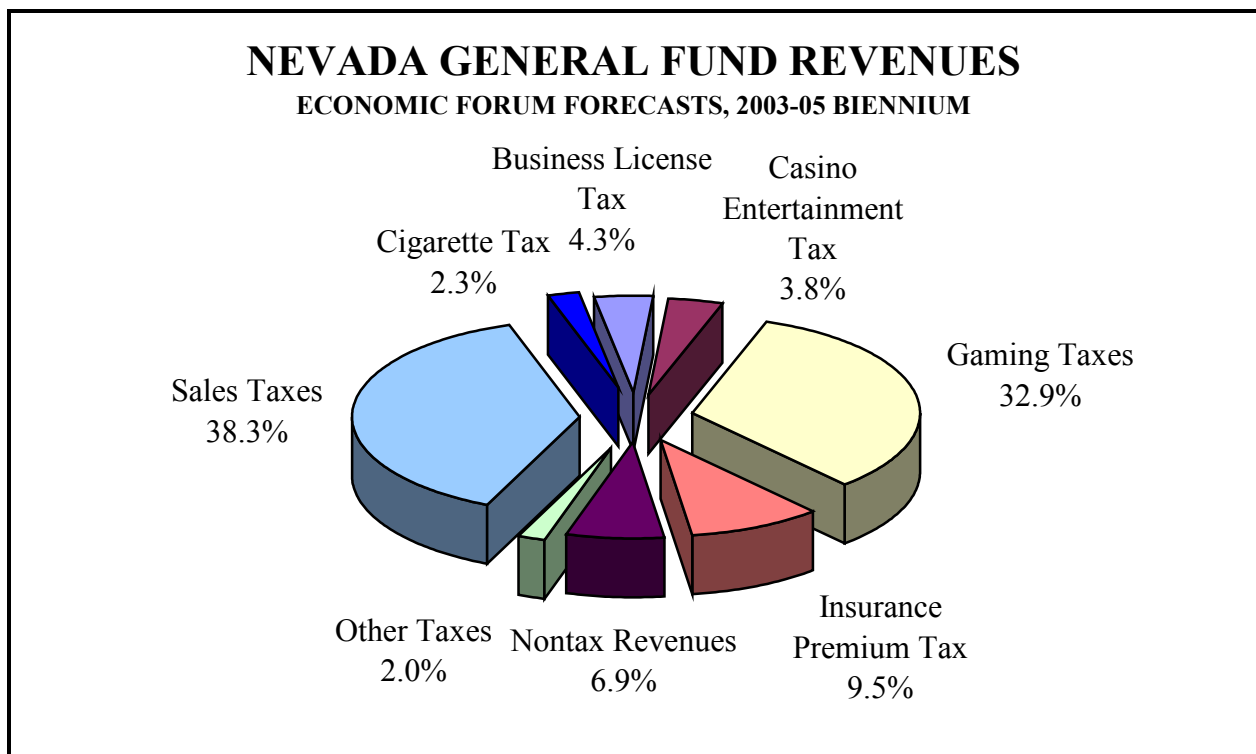
Gains in certain major revenue sources such as the insurance premium tax and the casino entertainment tax are expected to keep pace with economic activity. However, other important tax sources such as the business license tax and cigarette and liquor taxes do not have an inflation component and will not match state economic growth.

General Fund Revenue Forecast

Following is a summary of the general fund revenue forecast by the Nevada Economic Forum. This forecast should be considered neither optimistic nor pessimistic, but has been developed based on the economic conditions and available economic data at the time the forecast was made. Due consideration, however, was given to the increasing uncertainty of economic circumstances two and a half years into the future. All forecasts have been made on the basis of existing law; thus, no assumptions are included for any proposed law changes.

Total General Fund Revenues

Total Nevada general fund revenues are forecast at \$1.896 billion for FY 2003-04 and \$1.993 billion for FY 2004-05. The 2003-2005 biennial total of \$3.889 billion is 9.1 percent higher than the revised revenue estimate of \$3.565 billion for the 2001-2003 biennium.



As you will note in the above chart, gaming taxes are forecast to provide 32.9 percent of all general fund revenues during the 2003-2005 biennium, a decrease from the 33.5 percent now estimated for the current biennium. Sales tax collections are forecast to provide 38.3 percent of all general fund revenues during the 2003-05 biennium, an increase from the

37.7 percent now estimated for the current biennium. More detailed information on specific revenues in addition to gaming and sales taxes is available in the accompanying table.

Sales Taxes

Sales taxes have been forecast consistent with increased consumption due to employment and population gains. Sales taxes are forecast to end FY 2002-2003 at \$689.1 million, a 5.2 percent increase from FY 2001-2002 levels. Sales taxes are expected to grow by 5.1 percent in FY 2003-04 and by another 5.6 percent in FY 2004-05. These increases result in total sales tax receipts of \$1.489 billion during the 2003-2005 biennium.

Gaming Percentage Fee Taxes

The revenue estimates for gaming percentage fee taxes, while consistent with the expectations for the state economy, are based on the assumption that growth in visitor volume will be slow in the absence of gaming expansion. In part, these forecasts rely on the expertise of the Gaming Control Board in identifying market developments throughout the forecast period.

Total gaming percentage fee tax revenues are forecast to reach \$572.6 million in FY 2002-03, an increase of 3.2 percent from actual FY 2001-02 collections. From this base, gaming taxes are estimated to grow by 3.7 percent in FY 2003-04 and 4.0 percent in FY 2004-05 to yield revenues of \$1.211 billion for the general fund during the 2003-2005 biennium.

GENERAL FUND REVENUES - ECONOMIC FORUM
ACTUALS: FY 1999 THRU FY 2002 AND FORECAST: FY 2003 THRU FY 2005
 EF DECEMBER 2, 2002: 12/2/02 1:00 PM

G.L.										DECEMBER 2, 2002 ECONOMIC FORUM FORECAST						
NO.	DESCRIPTION	FY 1999 ACTUAL	%	FY 2000 ACTUAL	%	FY 2001 ACTUAL	%	FY 2002 ACTUAL [a.]	%		FY 2003	%	FY 2004	%	FY 2005	%
TAXES																
	TOTAL MINING TAXES	\$14,894,647	-5.7%	\$13,446,512	-9.7%	\$14,672,692	9.1%	\$9,418,008	-35.8%		\$10,705,862	13.7%	\$10,264,000	-4.1%	\$9,816,207	-4.4%
	TOTAL SALES AND USE TAX	\$580,194,636	10.5%	\$610,070,856	5.1%	\$645,767,621	5.9%	\$655,068,480	1.4%		\$689,131,000	5.2%	\$724,277,000	5.1%	\$764,836,000	5.6%
	TOTAL GAMING TAX	\$534,405,763	8.7%	\$592,335,632	10.8%	\$604,464,065	2.0%	\$589,803,811	-2.4%		\$605,605,786	2.7%	\$625,868,375	3.3%	\$654,594,570	4.6%
	CASINO ENTERTAINMENT TAX	\$47,874,649	22.4%	\$58,525,658	22.2%	\$63,919,196	9.2%	\$64,817,715	1.4%		\$68,707,000	6.0%	\$72,486,000	5.5%	\$76,835,000	6.0%
	INSURANCE PREMIUM TAX	\$116,917,615	5.6%	\$129,333,474	10.6%	\$146,925,032	13.6%	\$156,550,893	6.6%		\$167,471,243	7.0%	\$179,191,243	7.0%	\$191,731,243	7.0%
	LIQUOR TAX	\$14,670,539	-2.9%	\$15,663,964	6.8%	\$15,745,514	0.5%	\$15,995,650	1.6%		\$16,432,397	2.7%	\$16,881,202	2.7%	\$17,329,384	2.7%
	CIGARETTE TAX	\$42,124,234	-2.8%	\$42,220,870	0.2%	\$43,691,552	3.5%	\$41,843,892	-4.2%		\$42,703,000	2.1%	\$43,483,000	1.8%	\$44,153,000	1.5%
	OTHER TOBACCO TAX	\$5,358,940	-0.7%	\$5,962,399	11.3%	\$5,602,823	-6.0%	\$5,557,893	-0.8%		\$5,835,788	5.0%	\$5,894,146	1.0%	\$5,953,087	1.0%
	LAETRILE & GEROVITAL MFG.			\$3,776		\$2,692										
	HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000			\$5,000,000		\$5,000,000		\$5,000,000	
	BUSINES LICENSE FEE	\$407,616	-10.5%	\$513,689	26.0%	\$523,072	1.8%	\$680,845	30.2%		\$600,000	-11.9%	\$600,000		\$600,000	
	BUSINESS LICENSE TAX	\$71,734,950	4.7%	\$75,924,128	5.8%	\$77,270,722	1.8%	\$78,394,651	1.5%		\$79,493,000	1.4%	\$81,957,000	3.1%	\$84,662,000	3.3%
	TOTAL TAXES	\$1,433,583,589	8.6%	\$1,549,000,957	8.1%	\$1,623,584,982	4.8%	\$1,623,131,839	0.0%		\$1,691,685,076	4.2%	\$1,765,901,966	4.4%	\$1,855,510,491	5.1%
LICENSES																
	INSURANCE LICENSES	\$5,817,460	6.2%	\$6,484,965	11.5%	\$6,889,858	6.2%	\$7,806,594	13.3%		\$8,274,990	6.0%	\$8,771,489	6.0%	\$9,297,779	6.0%
	BANKING LICENSES	\$15,400	-29.2%	\$17,525	13.8%	\$23,785	35.7%	\$23,600	-0.8%		\$24,000	1.7%	\$24,000		\$24,000	
	MARRIAGE LICENSES	\$585,672	-0.1%	\$616,821	5.3%	\$638,691	3.5%	\$587,774	-8.0%		\$614,000	4.5%	\$636,000	3.6%	\$656,000	3.1%
	TOTAL SECRETARY OF STATE [1.]	\$30,461,290	13.2%	\$35,243,687	15.7%	\$36,442,206	3.4%	\$50,064,820	37.4%		\$54,278,098	8.4%	\$55,996,837	3.2%	\$57,782,279	3.2%
	PRIVATE SCHOOL LICENSES	\$140,241	8.7%	\$142,461	1.6%	\$156,485	9.8%	\$181,009	15.7%		\$183,250	1.2%	\$188,500	2.9%	\$192,000	1.9%
	PRIVATE EMPLOYMENT AGENCY	\$27,800	9.0%	\$31,500	13.3%	\$29,800	-5.4%	\$29,000	-2.7%		\$30,000	3.4%	\$30,190	0.6%	\$30,380	0.6%
	TOTAL REAL ESTATE	\$1,353,498	-7.0%	\$1,518,172	12.2%	\$1,451,867	-4.4%	\$1,690,734	16.5%		\$1,526,091	-9.7%	\$1,779,176	16.6%	\$1,607,209	-9.7%
	TOTAL FINANCIAL INSTITUTIONS	\$1,396,433	17.6%	\$1,512,027	8.3%	\$1,626,149	7.5%	\$1,795,162	10.4%		\$1,814,780	1.1%	\$1,814,780		\$1,814,780	
	ATHLETIC COMMISSION FEES [3.]	\$1,600,478	62.8%	\$2,819,325	76.2%	\$2,853,655	1.2%	\$1,706,730	-40.2%		\$1,658,000	-2.9%	\$1,658,000		\$1,658,000	
	TOTAL LICENSES	\$41,398,271	12.6%	\$48,386,482	16.9%	\$50,112,496	3.6%	\$63,885,422	27.5%		\$68,403,209	7.1%	\$70,898,972	3.6%	\$73,062,427	3.1%
*Reflects 13 months of collections in FY 98.																

GENERAL FUND REVENUES - ECONOMIC FORUM
ACTUALS: FY 1999 THRU FY 2002 AND FORECAST: FY 2003 THRU FY 2005

EF DECEMBER 2, 2002: 12/2/02 1:00 PM

G.L.		FY 1999		FY 2000		FY 2001		FY 2002		DECEMBER 2, 2002 ECONOMIC FORUM FORECAST					
NO.	DESCRIPTION	ACTUAL	%	ACTUAL	%	ACTUAL	%	ACTUAL [a.]	%	FY 2003	%	FY 2004	%	FY 2005	%
FEES AND FINES															
	VITAL STATISTICS FEES	\$479,452	-4.6%	\$523,226	9.1%	\$534,243	2.1%	\$576,967	8.0%	\$623,109	8.0%	\$672,940	8.0%	\$726,757	8.0%
	DIVORCE FEES	\$172,826	-5.6%	\$200,657	16.1%	\$203,454	1.4%	\$196,953	-3.2%	\$211,000	7.1%	\$217,000	2.8%	\$223,000	2.8%
	CIVIL ACTION FEES	\$1,139,909	-0.8%	\$1,191,315	4.5%	\$1,215,362	2.0%	\$1,250,147	2.9%	\$1,306,000	4.5%	\$1,350,000	3.4%	\$1,390,000	3.0%
	INSURANCE FINES	\$786,282	48.0%	\$738,251	-6.1%	\$537,507	-27.2%	\$719,183	33.8%	\$719,813	0.1%	\$719,813		\$719,813	
	TOTAL REAL ESTATE FEES [2.]	\$443,283	0.1%	\$435,547	-1.7%	\$388,128	-10.9%	\$397,274	2.4%	\$455,700	14.7%	\$447,500	-1.8%	\$455,400	1.8%
	SHORT TERM CAR LEASE [4.]	\$7,998,221	2.9%	\$8,271,686	3.4%	\$8,288,217	0.2%	\$19,662,998	137.2%	\$22,895,849	16.4%	\$23,697,204	3.5%	\$24,526,606	3.5%
	ATHLETIC COMMISSION LICENSES/FINES [3.]							\$122,908		\$100,000	-18.6%	\$100,000		\$100,000	
	WATER PLANNING FEES [9.]	\$21,164	22.3%	\$16,007	-24.4%	\$21,069	31.6%		-100.0%						
	STATE ENGINEER SALES [9.]	\$1,528,788	-5.8%	\$1,517,864	-0.7%	\$1,588,378	4.6%	\$1,572,066	-1.0%	\$1,548,000	-1.5%	\$1,548,000		\$1,548,000	
	SUPREME COURT FEES	\$223,450	-0.3%	\$232,420	4.0%	\$204,075	-12.2%	\$207,830	1.8%	\$209,900	1.0%	\$212,000		\$214,100	1.0%
	MISC. FINES/FORFEITURES	\$177,725	-84.6%	\$117,633	-33.8%	\$136,957	16.4%	\$172,541	26.0%	\$169,904	-1.5%	\$172,515		\$175,178	1.5%
	TOTAL FEES AND FINES	\$12,971,100	-4.6%	\$13,244,606	2.1%	\$13,117,391	-1.0%	\$24,878,868	89.7%	\$28,239,275	13.5%	\$29,136,972	3.2%	\$30,078,854	3.2%
CHARGE FOR SERVICES															
	CHILD SUPPORT ENFORCEMENT [6.]														
TOTAL CHARGE FOR SERVICES															
USE OF MONEY AND PROPERTY															
	LYON COUNTY REPAYMENTS					\$177,450									
	OTHER REPAYMENTS [7.] [8.]	\$957,381	25.0%	\$1,146,532		\$1,118,866		\$931,938		\$1,266,962	35.9%	\$1,437,530		\$1,435,383	
	MARLETTE REPAYMENT	\$3,655	56.9%	\$6,338	73.4%	\$10,483	65.4%	\$10,512	0.3%	\$10,512		\$10,512		\$10,512	
	INTEREST INCOME	\$27,675,627	3.3%	\$19,650,375	-29.0%	\$26,333,458	34.0%	\$12,501,357	-52.5%	\$5,380,085	-57.0%	\$7,585,310	41.0%	\$10,599,544	39.7%
	TOTAL USE OF MONEY & PROPERTY	\$28,636,662	3.9%	\$20,803,245	-27.4%	\$27,640,257	32.9%	\$13,443,808	-51.4%	\$6,657,559	-50.5%	\$9,033,352	35.7%	\$12,045,439	33.3%
OTHER REVENUE															
	HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
	MISC. SALES AND REFUNDS	\$3,218,047	93.4%	\$2,446,230	-24.0%	\$4,515,462	84.6%	\$1,431,898	-68.3%	\$1,122,836	-21.6%	\$1,160,258	3.3%	\$1,115,571	-3.9%
	COST RECOVERY PLAN	\$4,497,042	-3.0%	\$4,376,469	-2.7%	\$4,251,236	-2.9%	\$5,006,463	17.8%	\$4,994,080	-0.2%	\$6,500,000	30.2%	\$6,500,000	
	PETROLEUM INSPECTION FEES	\$517,803	-2.5%	\$534,777	3.3%	\$516,320	-3.5%	\$550,736	6.7%	\$567,400	3.0%	\$584,600	3.0%	\$602,300	3.0%
	UNCLAIMED PROPERTY [5.]	\$5,834,400	-15.3%	\$7,730,573	32.5%	\$10,078,369	30.4%	\$19,328,933	91.8%	\$11,527,072	-40.4%	\$12,506,873	8.5%	\$13,767,647	10.1%
	TOTAL OTHER REVENUE	\$14,367,292	2.5%	\$15,388,049	7.1%	\$19,661,386	27.8%	\$26,618,030	35.4%	\$18,511,388	-30.5%	\$21,051,731	13.7%	\$22,285,518	5.9%
TOTAL GENERAL FUND REVENUE		\$1,530,956,914	8.4%	\$1,646,823,340	7.6%	\$1,734,116,512	5.3%	\$1,751,957,967	1.0%	\$1,813,496,507	3.5%	\$1,896,022,994	4.6%	\$1,992,982,730	5.1%

NOTES:

[a.] Subject to adjustment based on reconciliation with the Controller's Office and Budget Division

[1.] S.B. 577 (2001 Legislative Session) increased the Secretary of State's recording and filing fees. It was estimated these changes would generate an additional \$14,000,000 in FY 2002 and \$15,000,000 in FY 2003.

[2.] S.B. 307 (2001 Legislative Session) increased the Appraiser License fees. It was estimated these changes would generate an additional \$24,000 in FY 2002 and FY 2003.

[3.] Beginning in FY 2002, Licenses/Fines (GL 3103) revenues collected by the Athletic Commission are reported separately. Previously, these revenues were recorded in GL 3102 along with the fees assessed on the gross receipts from admission fees to unarmed combat events.

[4.] A.B. 460 (2001 Legislative Session) changed the payment period for Short-Term Car Lease Fees from annual to quarterly and increased rate due to the state. It was estimated these changes would generate an additional \$12,048,750 in FY 2002 and \$15,494,500 in FY 2003.

[5.] A.B. 77 (2001 Legislative Session) shortened the time period for which certain types of property are deemed to be unclaimed. It was estimated these changes would generate an additional one-time payment in FY 2002 of \$8,279,686.

[6.] Deposited in budget account.

[7.] The Printing Division did not make the scheduled repayment of \$70,669 in FY 2002 and is currently not budgeting to make payments in FY 2003, FY 2004, and FY 2005. This will require legislation to change session law to eliminate the repayment requirement.

[8.] The Department of Information of Technology (DOIT) did not make the scheduled repayment for the noted projects totaling \$114,749 in FY 2002. These payments for FY 2002 will be made in FY 2003 in addition to their normal scheduled repayments for FY 2003.

[9.] Beginning in FY 2002, GL 3180 - Water Planning Fees were deposited in GL 3205 - State Engineer Sales due to elimination of the account by the agency.